Chapter I

THE ECONOMIC CLIMATE

Both Good and Bad

The recovery has continued to gain momentum according to the latest review of leading indicators. An advance of 1.1% was recorded in April—the 10th consecutive monthly gain reported by the Commerce Department. Nine of the 11 indicators advanced, indicating the gain has wide support.

Business failures, as reported by Dun and Bradstreet, were up 40% for the first four months of 1983 vs. the first four months of 1982. Further, the Conference Board's prognosis for the labor market was still for an agonizingly slow recovery based on the latest tally of help-wanted advertising around the nation.

In the face of these mixed economic signals, real per capita disposable personal income has remained unchanged since 1980 (Chart 1), at a point below the 1977 index level of 100. Part of this recent stability has resulted from a slow-down in the gains recorded by per capita personal income, disposable income and the consumer price index. For Chapter 1 beginning.

Cost Of Living

Although all of the categories still reflected increases during the last month of 1982 (Chart 2) the gains in every category were less than those recorded in 1981.

Even the gains registered by the "high flyers"—medical

Trend of Per Capita Purchasing Power
(Index Basis—1977 = 100)

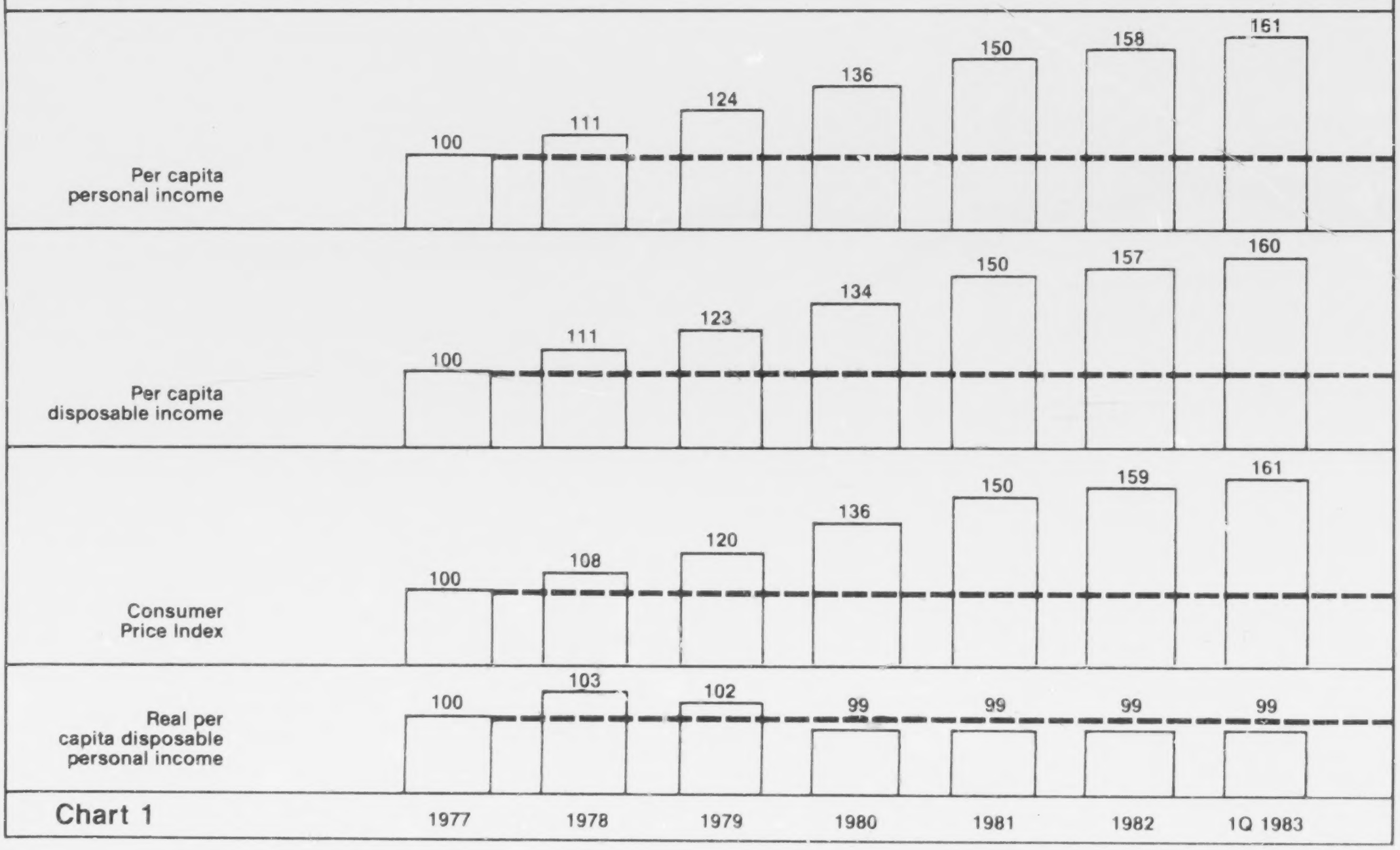


Chart 1

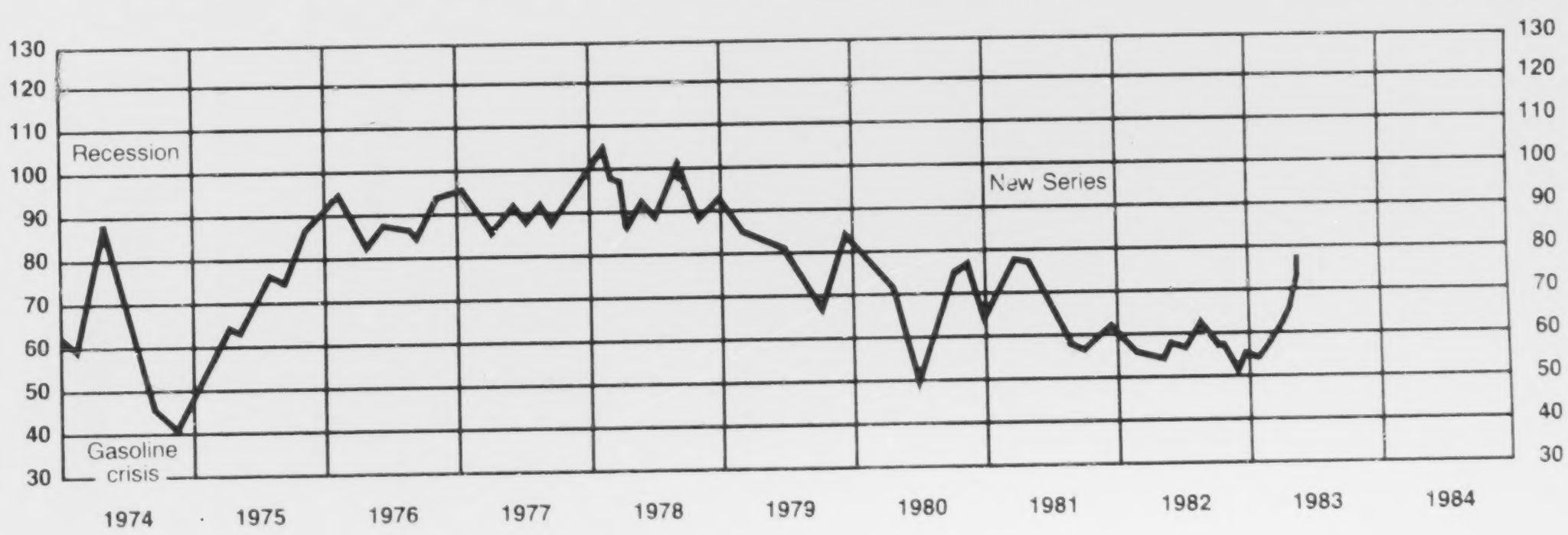
Cost of Living and Your Budget

Consumer Price Index 1977 = 100	December 1981	Percent Changes vs. Year Ago	December 1982	Percent Changes vs. Year Ago
All items	155	+ 9.3%	161	+ 3.5%
Food at home	143	+ 3.0	146	+ 2.2
Food away from home	149	+ 7.2	156	+ 5.0
Medical care	153	+12.3	170	+11.0
Personal care	140	+ 8.1	149	+ 6.7
Transportation	164	+11.1	166	+ 1.7
Apparel and upkeep	124	+ 3.8	126	+ 1.6
OTC drugs	150	+12.1	162	+ 8.6
Hospital room	173	+16.9	197	+13.5
Prescriptions	148	+12.4	166	+12.2
Physician's services	152	+11.8	164	+ 7.7
Dental services	148	+10.0	157	+ 5.8

Chart 2

Consumer Attitudes and Buying Plans

Consumer Confidence Index



Buying Plans Index

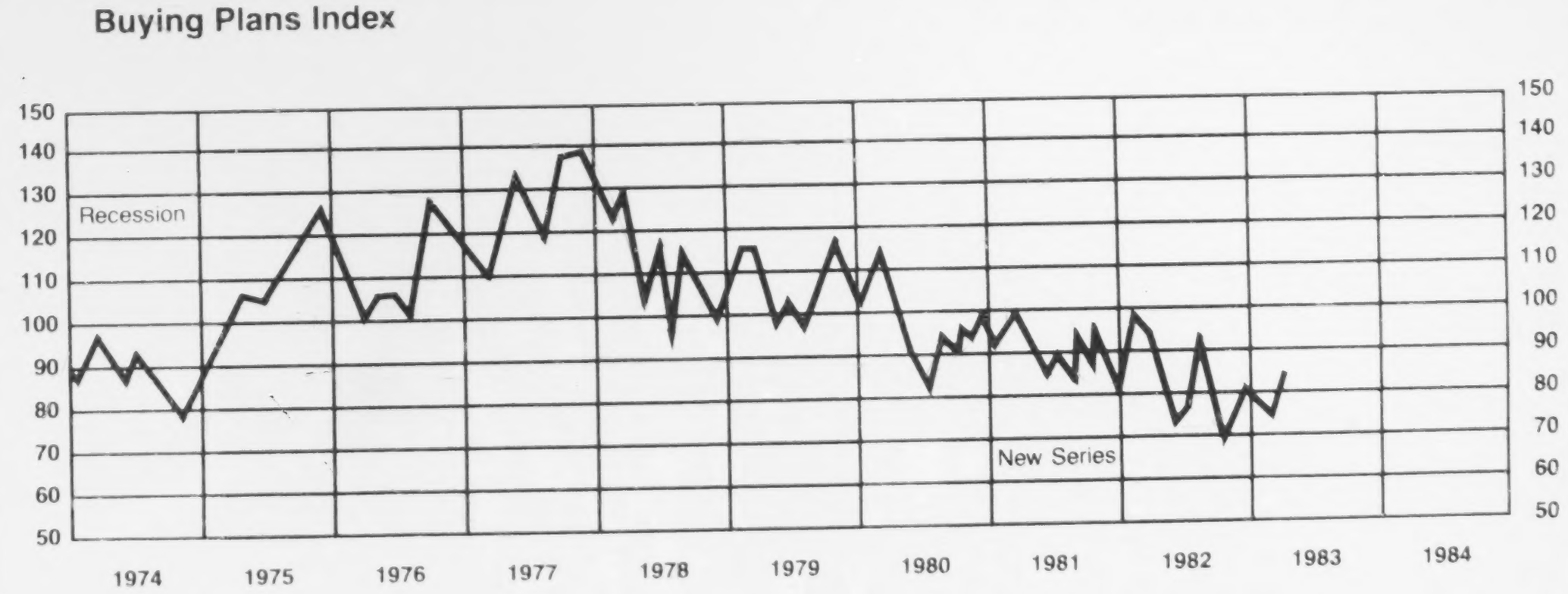


Chart 3 *Source* The Conference Board All Data Seasonally Adjusted

Division of Total U.S. Retail Sales

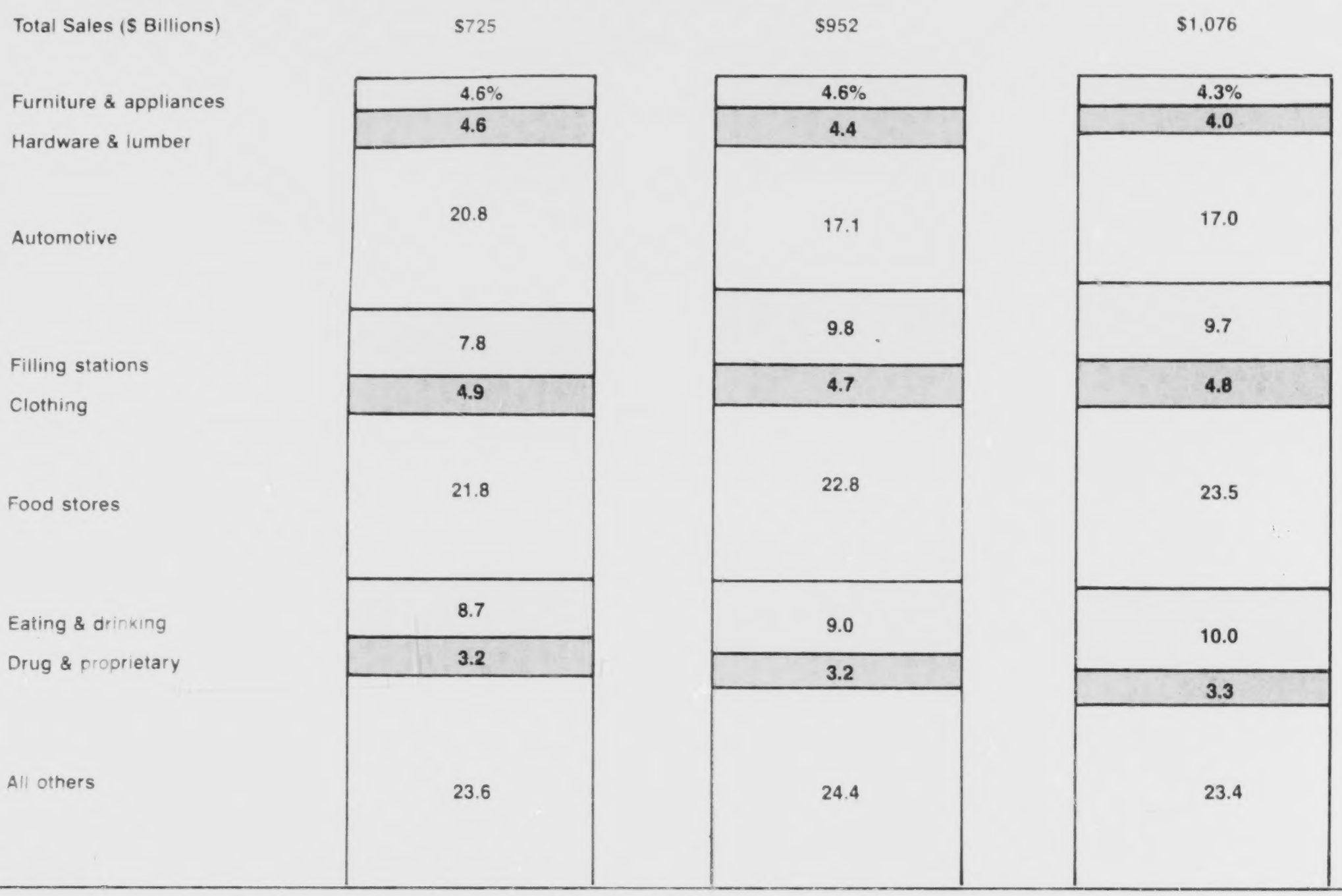


Chart 4

care, hospital rooms, and physicians services—although still far above average, were less than those recorded in recent years. The price increases in the categories most reflective of retail drug stores (OTC drugs and prescriptions), were both above the all-item average.

Consumer Confidence

There was a marked increase in consumer confidence recorded in March. The Conference Board recorded a 10 point increase, the largest gain in the past nine years. Buying plans, however, continued mixed (Chart 3).

Consumers continued to express concern regarding present business and employment conditions, but at a more subdued level than in the past. But pessimists continued to outnumber optimists by a wide margin. In looking ahead to the next six months, however, consumers are appreciably more hopeful than in the past. In spite of this favorable view of the future, buying plans continued mixed and substancially below the highs of 1982.

Division of Retail Sales

The five-year trend in total retail sales (Chart 4) indicated a major loss of close to four points for the automotive group, and substantial gains for filling stations, food stores, and eating and drinking establishments. The remaining changes were fractional with drug stores gaining a 10th of a point.

Per Capita Effective Buying Income and Drug Store Purchases

Per capita drug store purchases did not keep pace with effective buying income in 1982, as income was up 9.7% in the total United States and purchases, 7.5% (Chart 5). Consumers in the remaining Pacific area spent more money in drug stores than in any other region followed by Chicago and Los Angeles. The lowest expenditures, by far, were in New York with the East Central and Southwest also below average.

U.S. Population Growth

The slow down in the growth of population (Chart 6) indicates that retailers can no longer expect automatic increases in customers based on population growth. In the 1960's, population expanded about 1.2% per year. From 1973 to 1980, it averaged 1% and in 1981 it was just 0.9%. For the next five years, forecaster's expect this 1% rate (or slightly less) to continue.

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Per Capita Disposable Income and Drug store Purchases

	1982 per capita effective buying income*	% change from previous year	Per capita drug store purchases		% change from '81 vs. '82
			1981	1982	
Total U.S.	$ 8,706	+ 9.7%	$147	$158	+7.5%
New England	9,344	+10.8	136	146	+7.4
New York	10,357	+11.4	115	121	+5.2
Mid-Atlantic	9,078	+10.7	151	163	+7.9
East Central	8,452	+10.1	144	152	+5.6
Chicago	10,284	+ 9.3	187	199	+6.4
West Central	8,490	+ 7.1	128	138	+7.8
Southeast	7,366	+ 9.9	141	151	+7.1
Southwest	8,421	+11.4	135	146	+8.1
Los Angeles	9,867	+ 8.8	172	186	+8.1
Remaining Pacific	9,083	+ 8.9	192	207	+7.8

*Sales mgmt. estimate

Chart 5

Total U.S. Population Growth

1960's	1.2%
Since 1973	1.0%
1981	0.9%

Chart 6

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Chapter II

RETAIL DRUG SALES

Retail Drug Store Sales

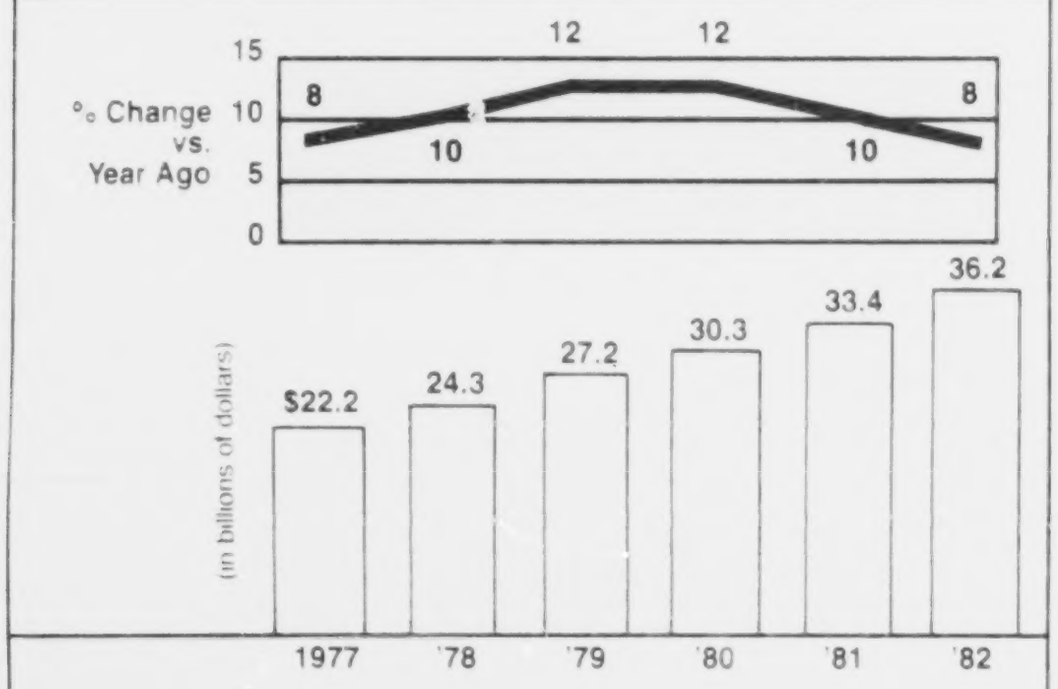

Chart 7

Looking Brighter

Based on scattered returns of first-quarter sales and earnings by chains, sales in retail drug outlets are looking far brighter than in the first quarter of 1982. Most rewarding for some organizations were substantial gains in earnings on relatively small increases in sales.

Although the total dollar sales increase of 8% for 1982 (Chart 7) was the lowest since 1977, the current gain was probably more reflective of increased product movement than the 12% increases of 1979 and 1980 which were primarily due to higher prices. The total dollar growth was just short of three billion dollars.

The sales increase of 11% by chains was just over twice that posted by independents (Chart 8) and chain dollar sales are now almost double the amount recorded in 1977.

Charts 9A and 9B provide a comparison of all commodity dollar sales of chains versus independents, by size, Nielsen territory, and from 1981 to 1982.*

Chains made their largest gains in New England (+ 2.0), Chicago (+ 1.0) and the South West (+ 1.0). In the remaining

Division of Retail Drug Sales

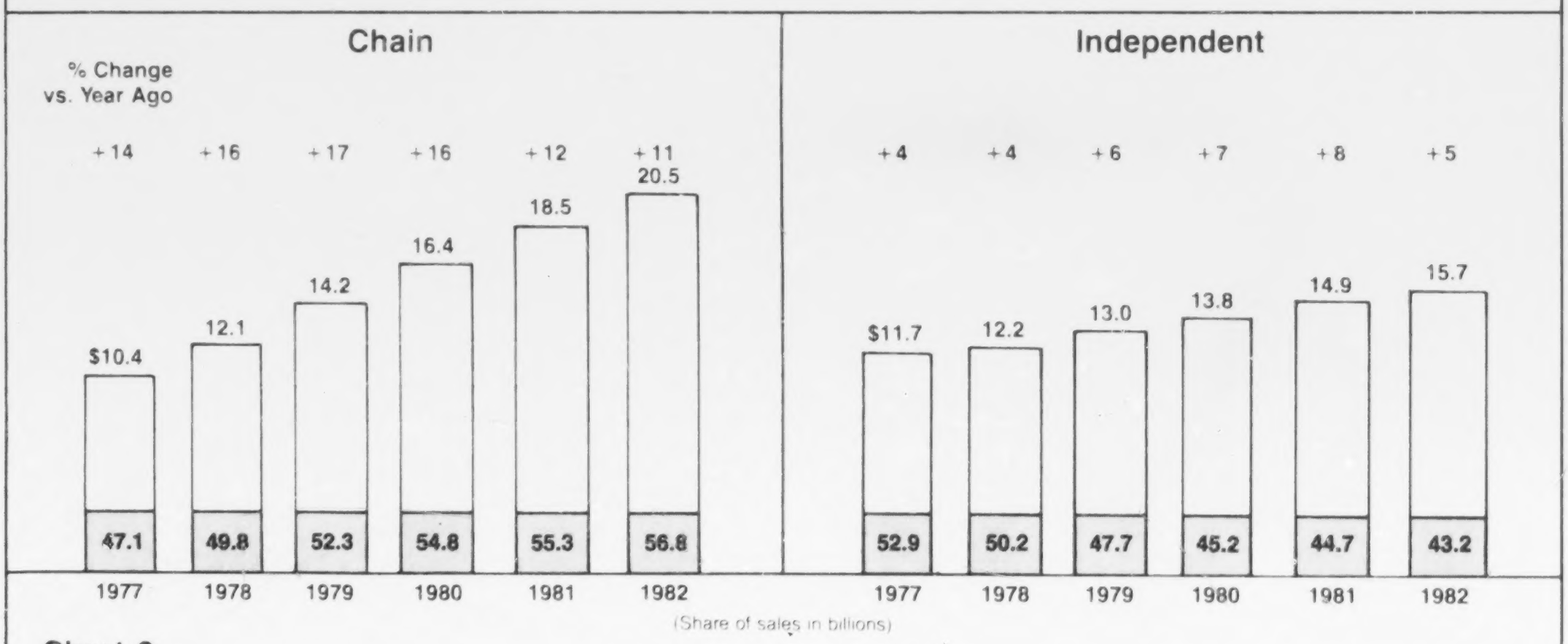

Chart 8

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Share of Retail Drug Sales—By Nielsen Area and Store Type—I

(continued)

	Total U.S. 1981*	Total U.S. 1982**	New Eng. 1981	New Eng. '82	New York '81	New York '82	Mid Atl. '81	Mid Atl. '82	East Cent. '81	East Cent. '82	Metro Chi. '81	Metro Chi. '82
Total Dollar Sales (in millions)	$34,863	$36,860	$1,745	1,854	1,787	1,854	3,897	4,091	5,079	5,343	1,508	1,573
% Change vs. Yr. Ago	10%	9%	9.0%	9.0	7.0	6.0	10.0	8.0	9.0	8.0	8.0	8.0
Mkt. Importance	100%	100%	5.0%	5.0	5.1	5.0	11.2	11.1	14.6	14.5	4.3	4.3
Division of Sales												
Drug Stores												
Small (Under $250M)	9.8%	9.2%	13.6%	12.8%	15.9%	14.3%	7.3%	6.8%	8.0%	7.3%	9.2%	8.0%
Medium ($250M-500M)	15.4	15.2	22.1	21.6	23.1	23.0	12.5	12.5	14.5	14.8	11.3	11.5
Large ($500M & over)	18.5	18.8	21.3	20.6	28.4	29.9	17.7	18.0	22.8	23.2	25.2	25.2
Chain	56.3	56.8	43.0	45.0	32.6	32.8	62.5	62.7	54.7	54.7	54.3	55.3

*Figures reflect yr. ended June 30, 1982

**Figures reflect yr. ended March 1, 1983

Chart 9A

Share of Retail Drug Sales—By Nielsen Area and Store Type—II

	West Cent. 1981	West Cent. '82	Southeast '81	Southeast '82	Southwest '81	Southwest '82	Los Ang. '81	Los Ang. '82	Rem. Pacific '81	Rem. Pacific '82
Total Dollar Sales (in millions)	$4,104	4,344	5,907	6,257	3,608	3,854	2,006	2,120	5,222	5,570
% Change vs. Year Ago	9.0%	9.0	9.0	10.0	12.0	11.0	11.0	9.0	11.0	10.0
Mkt. Importance	11.8%	11.8	16.9	17.0	10.3	10.5	5.8	5.7	15.0	15.1
Division of Sales										
Drug Stores										
Small (under $250M)	12.1%	11.9	11.0	10.7	14.0	12.6	6.1	5.8	5.7	5.4
Medium ($250M-500M)	19.1	18.9	17.3	16.5	18.3	18.2	10.3	10.2	9.7	9.5
	24.9	24.9	15.3	15.9	15.7	16.2	11.0	10.8	12.6	12.5
Large ($500M & over)	43.9	44.3	56.4	56.9	52.0	53.0	72.6	73.2	72.0	72.6
Chain										

Chart 9B

areas share gains by chains were fractional with the exception of the East Central where there was no change.

Although chain organizations will probably continue to grow in importance, especially in such areas as New England and New York, it would appear that their growth from now on may be in smaller increments and more difficult to achieve. The large independents in 1982 moved up slightly and even the medium-sized stores kept their losses to a minimum.

**Note that year endings are slightly different than on Chart 8 for 1981 resulting in small share differences.*

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Chapter III

HEALTH AND BEAUTY AIDS AND SELECTED COSMETICS

Flat Trend For Unit Sales in Drugstores

Sales of H&BA items in the three outlets combined in 1982 moved up 10% measured in dollars and 2% on a unit basis (Chart 10). The unit gain was attributable entirely to grocery and mass merchandiser outlets, as product movement in drugstores failed to increase during 1982. The unit gain of 5% for mass merchandisers was even stronger than the one achieved by grocery outlets.

The weak sales in drugstores resulted in a one point share loss for the 25 product groups and was the largest recorded since 1978 (Chart 11).

H&BA—Dollar and Unit Sale's Progress
(25 Major Product Groups)

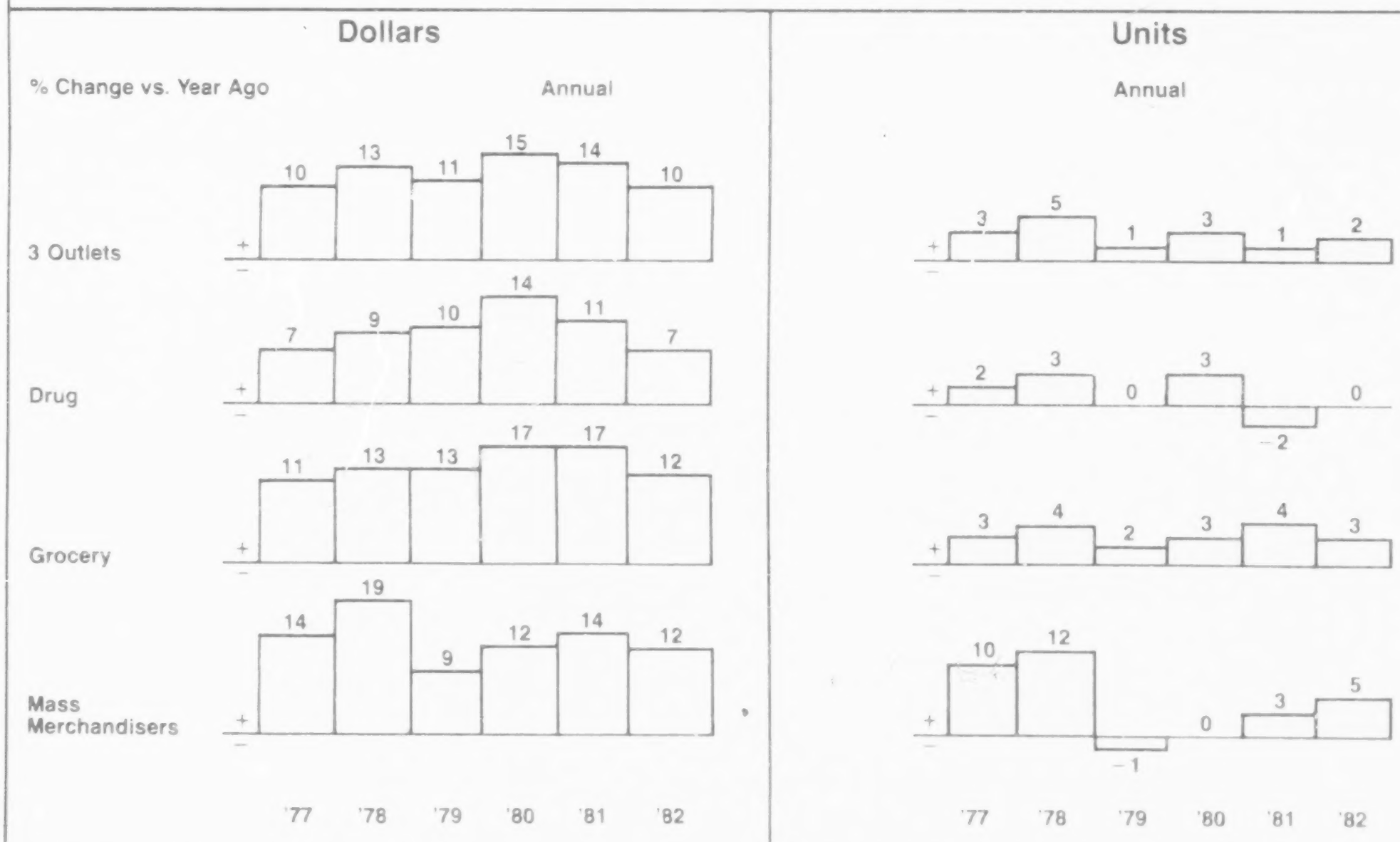

Chart 10

Division of HBA Dollar Sales Drug—Grocery—Mass Merchandisers

(25 Product Groups)

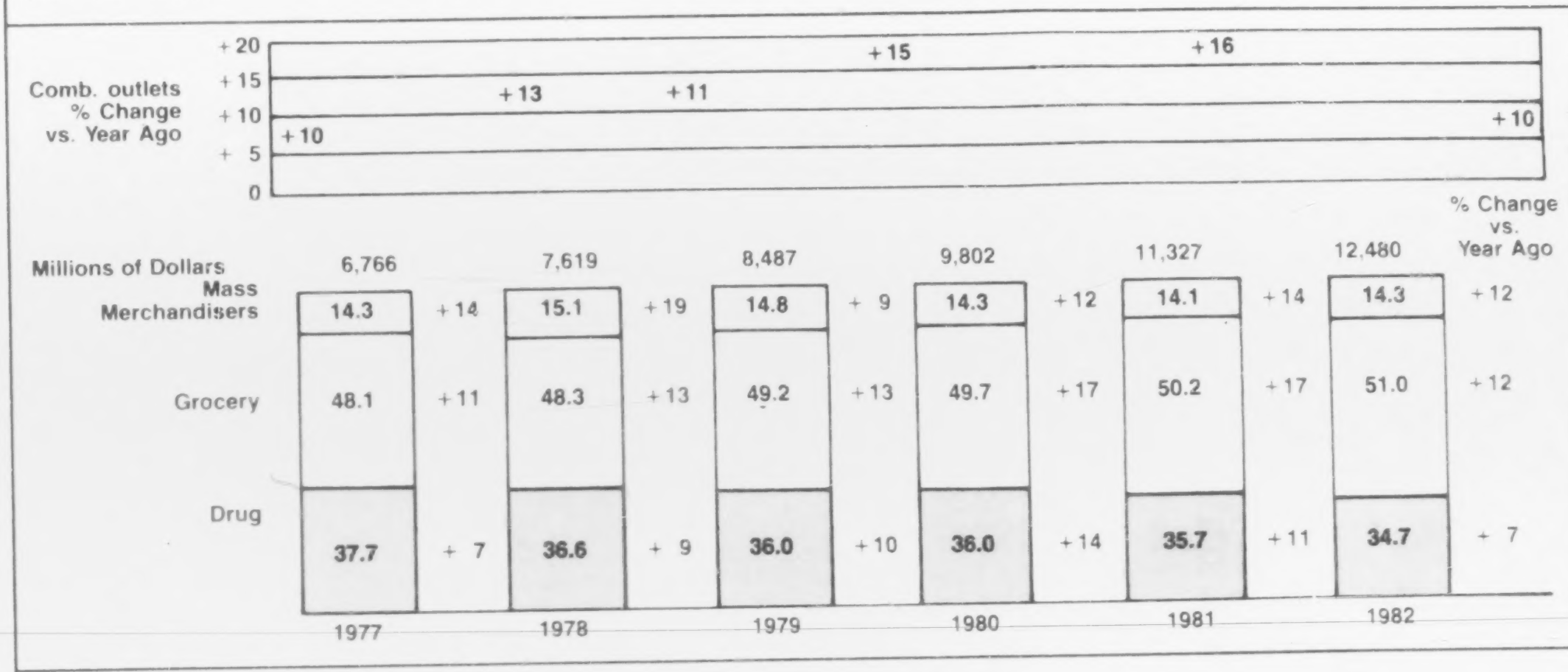

Chart 11

Division of Sales* of 25 HBA's By Outlet Type

(25 Product Groups)

	1977**	1982				1977**	1982		
	Drug	Drug	Food	Mass Merch.		Drug	Drug	Food	Mass Merch.
25 HBA's	37.7	34.7	51.0	14.3	Disposable Diapers	12.5	11.9	77.1	10.9
Hair Preparations	38.4	38.4	45.9	15.6	Foot Remedies	71.3	68.8	22.3	8.9
Razor Blades	30.5	30.0	53.8	16.2					
Aerosol Shave Cream	35.7	33.8	50.7	15.5	Shampoo	32.6	30.1	52.5	17.4
After Shave Lotion &					Deodorants	31.2	30.1	52.5	17.5
Cologne	61.6	61.2	14.9	23.9					
Dentifrices	23.0	22.5	63.0	14.5	Feminine Douches	52.3	45.7	38.2	16.0
Oral Antiseptics	32.1	29.9	54.9	15.1	Sanitary Protection	27.4	25.7	61.8	12.5
Vitamins	79.8	68.8	22.9	8.3	Hand Lotions	51.6	49.5	35.7	14.8
Cold Tablets	45.1	42.0	48.9	9.1	Face Creams	67.0	60.8	23.2	16.1
Sinus Headache					Hair Coloring	61.0	60.3	17.7	22.0
Remedies	47.4	40.6	50.0	9.4	Hair Fixatives	33.5	32.5	47.7	19.7
Topical Antiseptics	46.2	45.7	43.2	11.0	Home Permanents	60.5	56.0	19.4	24.6
Headache Remedies	39.5	39.4	51.1	9.5	After Shampoo Products	40.9	40.9	41.3	17.8
Stomach Remedies	52.1	49.9	41.5	8.6	Bath Additives	53.0	54.5	29.0	16.5

*Based on 12 months ended November-December 1982

**Based on 12 months ended November-December 1977

Chart 12

Five-Year Trend For Drugstores

In order to offer a longer range perspective for drugstores, Chart 10 provides a five-year comparison (1977), in addition to the latest 1982 figures.

In addition to the current loss of one full point, the total share held by drugstores of the 25 product groups has slipped another two points since 1977. By product group, the declines ranged from fractional to the 11 point loss in share for vitamins. Other substantial losses occurred in sinus headache remedies (-6.8 points), about the same for face creams and feminine douches, and from three to four points for cold tablets, stomach remedies, foot remedies, and home permanents.

Drugstores increased their share in only one product group (bath additives) and there was no change in the drugstore position in hair preparations and after shampoo products. In total and by individual product class, the majority of the share gains were picked up by food stores.

Retail Inventories

Average retail inventories declined in both drug and mass merchandiser outlets, and merely held even in grocery stores (Chart 13). This was the fifth consecutive year in which drugstores had reduced their stocks, and they declined another 6%

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in the first two months of 1983.

Selected Cosmetics

Dollar sales of selected cosmetics in drug and grocery stores have virtually doubled since 1978 and totaled $869.2 in 1982 (Chart 14). Although the share held by chain drug outlets advanced just over two points, chain grocery stores almost doubled their share, and may well become an important outlet for these items in the future. Mass merchandisers also added a couple of share points to their total. The share position of independent drugstores, however, declined almost 11 points.

Charts 15 and 16 provide a breakdown of these same cosmetics, by Nielsen territory, for 1978 and 1983 but are confined to drug and grocery outlets only.

As noted last year, the sales development of these cosmetics in grocery stores has been slow in New England, New York and the Southeast. In all other areas, however, the share held by grocery stores has increased substantially and was close to, or above, the national average. Most noteworthy was the Southwest, where grocery stores had advanced to a share of 34%.

Trend of HBA Retail Inventories—By Outlet Type

(25 Major Product Groups-Unit Basis)

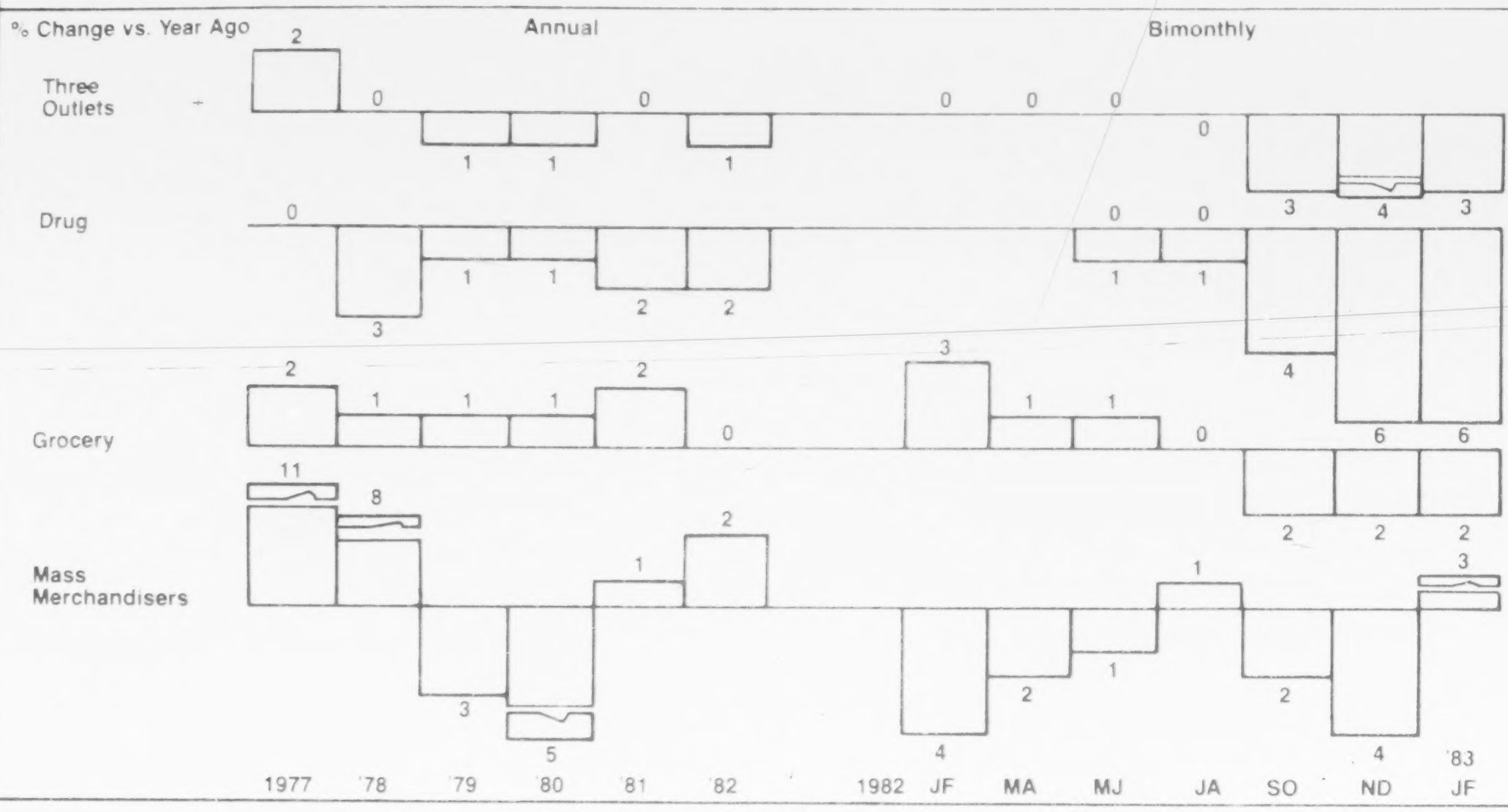
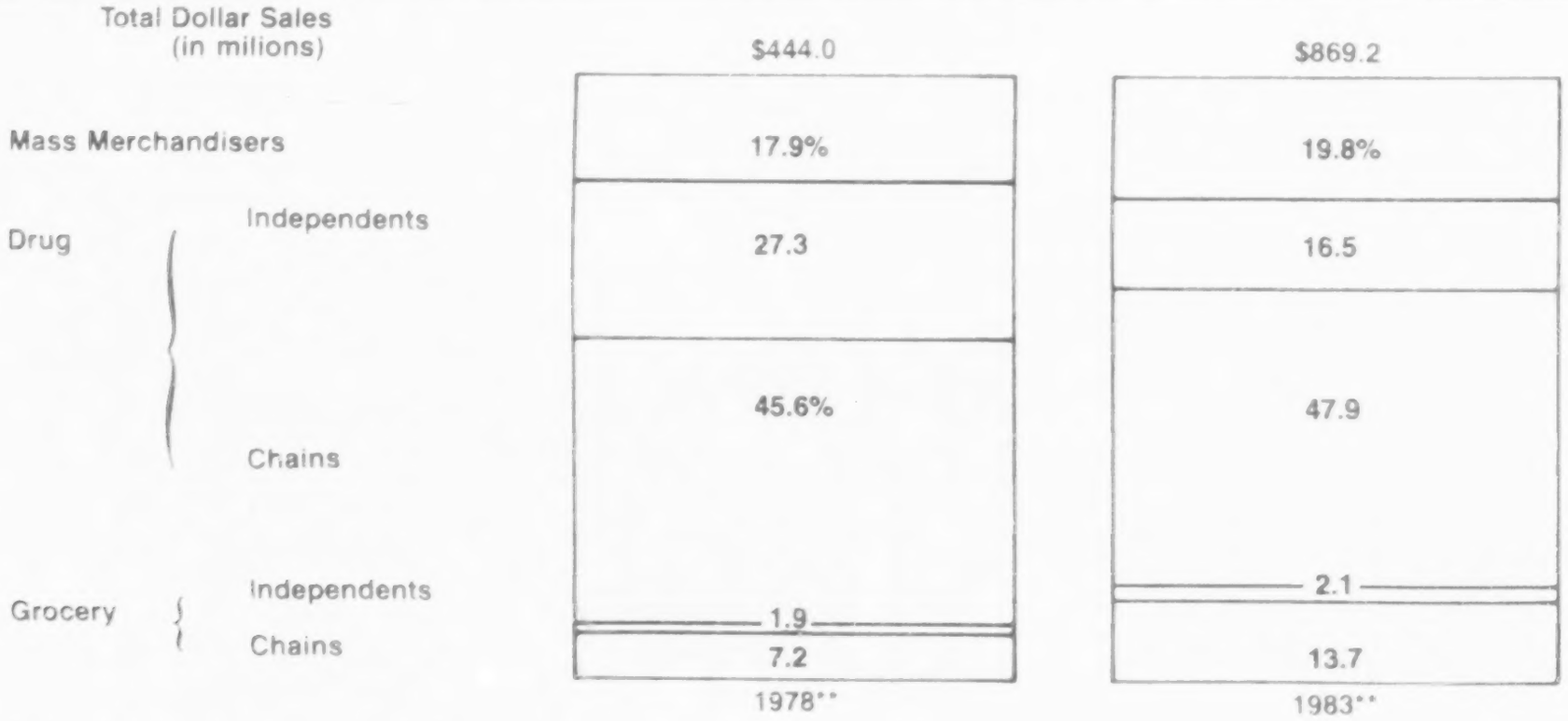


Chart 13

Selected Cosmetics*—Share of Sales by Outlet & Store Type

(Total U.S. Consumer Dollars)



*Mascaras, Eye Shadows, Lip Makeups, Nail Polish, Liquid Facial Makeups **Year ended Jan. 1

Chart 14

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Selected Cosmetics*—Sales By Territory—Drug and Grocery Stores Only

		N.E.	N.Y.	M.A.	E.C	Chi.	W.C.	S.E.	S.W.	L.A.	R.P.
Total Dollars (in millions)	$364.3	12.77	28.87	38.70	41.88	14.76	42.92	52.01	45.26	27.53	59.57
Mkt. Impt.	100.0%	3.5	7.9	10.6	11.5	4.0	11.8	14.3	12.4	7.6	16.4
Division of Sales											
Drug	88.9%	96.3	95.3	92.0	90.0	89.1	89.6	93.5	79.5	81.9	87.1
Grocery	11.1%	3.7	4.7	8.0	10.0	10.9	10.4	6.5	20.5	18.1	12.9
Yr. ended Jan. 1	1978										

*Mascaras, Eye shadows, Lip makeups, Nail Polish, Liquid Facial Makeups

Chart 15

Selected Cosmetics*—Sales & Shares By Territory—Drug and Grocery Stores Only

	U.S.	N.E.	N.Y.	M.A.	E.C.	Chi.	W.C.	S.E.	S.W.	L.A.	R.P.
Total Dollars (in millions)	$696.71	28.73	46.08	64.81	82.29	30.08	70.71	115.64	90.16	51.77	116.44
Mkt. Impt.	100.0%	4.1	6.6	9.3	11.8	4.3	10.2	16.6	13.0	7.4	16.7
% Change vs. Year Ago											
Total	+8	+12	4	10	5	2	2	9	11	7	10
Drug	+6	+10	5	8	2	0	−1	7	14	7	9
Grocery	+13	+40	−6	23	18	13	15	25	6	6	13
Division of Sales											
Drug	80.3%	92.8	90.7	81.0	79.5	80.7	79.3	86.2	66.0	76.8	80.4
Grocery	19.7%	7.2	9.3	19.0	20.5	19.3	20.7	13.8	34.0	23.2	19.6
Yr. ended Jan. 1	1983										

*Mascaras, Eye shadows, Lip makeups, Nail Polish, Liquid Facial Makeups

Chart 16

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Chapter IV

SPACE ALLOCATIONS FOR HEALTH AND BEAUTY AIDS

Some substantial changes in average linear shelf space allocations by drug chains occurred between 1977 and 1982 for the 17 product groups shown on Chart 17. Most noteworthy was the additional footage allocated to hair preparations (+ 25 ft.), 20 ft. more for OTC vitamins and 16 for cold remedies.

In fact, the overall increases totalled 136 feet for these major product classes, but reductions for hair coloring products, aftershave lotions and face creams and lotions reduced the net increase to 122 linear feet.

Charts 18 through 23 provide the opportunity to compare the average space allocations for six of these product groups among three outlet types—chain drug, food and mass merchandisers. In addition to linear shelf space, these charts also provide average dollar sales per foot per month, unit inventories and month's supply.

Drug chains increased their average dollar sales per linear foot in all six product categories in spite of increased space allocations in all but oral antiseptics, where footage allocation was unchanged. In average dollar sales per linear feet, however, food chains maintained their advantage in all six product groups.

Average Space Allocations—
Drug Chains Only
(17 Major Product Groups)

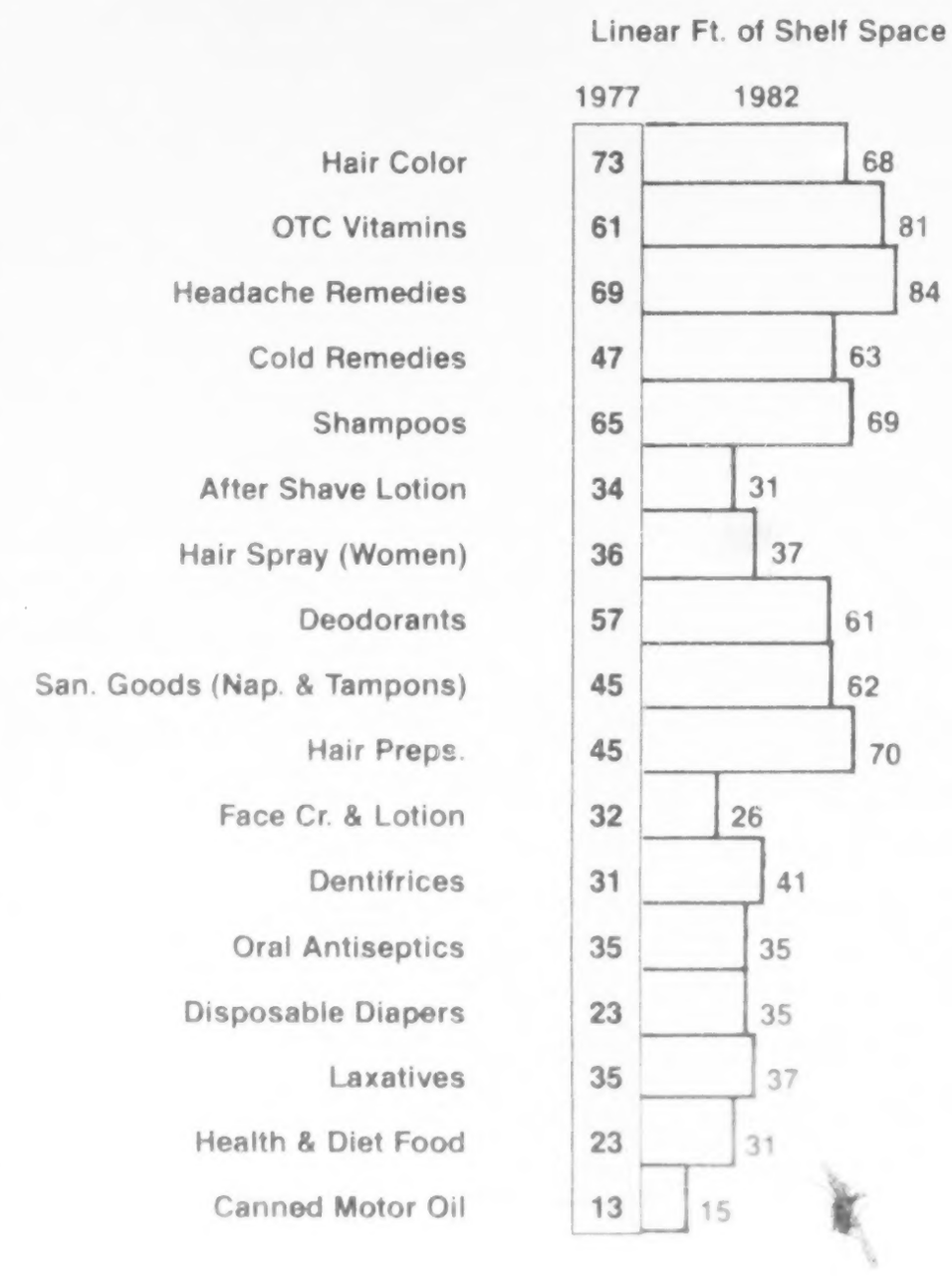
Linear Ft. of Shelf Space
1977
1982
Hair Color 73 68
OTC Vitamins 61 81
Headache Remedies 69 84
Cold Remedies 47 63
Shampoos 65 69
After Shave Lotion 34 31
Hair Spray (Women) 36 37
Deodorants 57 61
San. Goods (Nap. & Tampons) 45 62
Hair Preps. 45 70
Face Cr. & Lotion 32 26
Dentifrices 31 41
Oral Antiseptics 35 35
Disposable Diapers 23 35
Laxatives 35 37
Health & Diet Food 23 31
Canned Motor Oil 13 15

Chart 17

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Headache Remedies
(3 types of outlets)

Avg. Linear Ft. of Shelf Space Per Store

	1977	1982
MM	40	45
Drug Chains	69	84
Food Chains	15	19

Avg. Unit Inventories

	1977	1982
MM	1707	1160
Drug Chains	2289	1401
Food Chains	560	542

Avg. $ Sales Per Linear Ft. Per Month

	1977	1982
MM	$20.81	$32.29
Drug Chains	19.04	22.89
Food Chains	25.41	42.87

Months Supply

	1977	1982
MM	2.4	2.7
Drug Chains	2.2	1.7
Food Chains	1.5	1.3

Chart 18

Deodorants
(3 types of outlets)

Avg. Linear Ft. of Shelf Space Per Store

	1977	1982
MM	62	57
Drug Chains	57	61
Food Chains	18	18

Avg. Unit Inventories

	1977	1982
MM	2744	1650
Drug Chains	1702	978
Food Chains	483	452

Avg. $ Sales Per Linear Ft. Per Month

	1977	1982
MM	$24.34	$32.65
Drug Chains	16.61	24.73
Food Chains	24.42	37.05

Months Supply

	1977	1982
MM	2.5	1.7
Drug Chains	2.6	2.2
Food Chains	1.5	1.4

Chart 19

Oral Antiseptics

Avg. Linear Ft. of Shelf Space Per Store

	1977	1982
MM	32	33
Drug Chains	35	35
Food Chains	8	9

Avg. Unit Inventories

	1977	1982
MM	900	518
Drug Chains	835	461
Food Chains	177	157

Avg. $ Sales Per Linear Ft. Per Month

	1977	1982
MM	$18.09	$20.37
Drug Chains	13.86	14.69
Food Chains	23.18	31.76

Months Supply

	1977	1982
MM	2.1	1.7
Drug Chains	2.3	1.9
Food Chains	1.2	1.1

Chart 20

Shampoos

Avg. Linear Ft. of Shelf Space Per Store

	1977	1982
MM	64	65
Drug Chains	65	69
Food Chains	18	19

Avg. Unit Inventories

	1977	1982
MM	2772	2220
Drug Chains	1689	1187
Food Chains	455	508

Avg. $ Sales Per Linear Ft. Per Month

	1977	1982
MM	$26.97	$34.78
Drug Chains	17.19	25.99
Food Chains	27.55	43.40

Months Supply

	1977	1982
MM	2.2	1.9
Drug Chains	2.5	2.1
Food Chains	1.4	1.3

Chart 21

Dentifrices

Avg. Linear Ft. of Shelf Space Per Store

	1977	1982
MM	29	34
Drug Chains	31	41
Food Chains	13	14

Avg. Unit Inventories

	1977	1982
MM	2389	1861
Drug Chains	1293	1426
Food Chains	609	580

Avg. $ Sales Per Linear Ft. Per Month

	1977	1982
MM	$33.66	$44.55
Drug Chains	18.32	22.29
Food Chains	34.43	55.75

Months Supply

	1977	1982
MM	1.9	1.5
Drug Chains	2.1	2.1
Food Chains	1.1	1.0

Chart 22

Disposable Diapers

Avg. Linear Ft. of Shelf Space Per Store

	1977	1982
MM	34	49
Drug Chains	23	35
Food Chains	19	25

Avg. Unit Inventories

	1977	1982
MM	848	633
Drug Chains	519	278
Food Chains	172	178

Avg. $ Sales Per Linear Ft. Per Month

	1977	1982
MM	$39.55	$49.73
Drug Chains	27.40	30.45
Food Chains	41.11	74.98

Months Supply

	1977	1982
MM	1.3	1.7
Drug Chains	1.6	1.1
Food Chains	0.4	0.4

Chart 23

Chapter V

HOME COMPUTERS, GAME COMPUTERS

Most retailers are always searching for new or different products that will attract consumers, fit into their general merchandising patterns and return a profit commensurate with the necessary investment in dollars and shelf space.

This past Christmas season (1982), Nielsen decided that it would be of interest to see how many drug, grocery, and mass merchandisers were stocking the relatively new personal or home computers, game computers and video game cartridges. We also decided to measure the sales, shares and distribution of these items during the four-month period when these outlets would be most likely to handle them.

Overall dollar sales of these items (for the four months) totaled over $237 million with mass merchandisers responsible for a majority of the sales among the three outlets for all three categories (Chart 24). Video game cartridges generated the highest dollar sales of the three categories and in all three outlets. Drug chains accounted for nearly all of the sales of these products under the "drug" heading. For example, drug chains were responsible for 90% of the 3.9% for home computers, 88% of the 3.4% for game computers and 87% of the 12.0% for video game cartridges.

Distribution of these products for all three categories was minimal in food or grocery stores (Chart 25) during both the November-December and January-February audits—the highest was 9% for game cartridges during the January-February period. It was somewhat higher in drug chains for the home computers (8%) and game computers (15%), but still low. Game cartridges had by far the highest distribution of the three categories in chain drug but was under 50% during both periods.

Chart 26 provides dollar and unit brand shares for all three outlets combined for the top six brands of video game cartridges. Atari leads both lists by a wide margin, accounting for 48.2% of the dollars and over 51% of the units.

A list of the top seven brands, in chain drug outlets only, showed a similar pattern (Chart 27) with the exception of Parker Brothers, which was the third best seller in chain drug and fifth in the three outlet listing. For Chapter 5 beginning.

When measured by sku's in chain drug outlets, Parker Brother's Frogger was the leading seller with a market share of 7.3% (Chart 28). Of the top 10, however, Atari was the dominant brand with six of the top 10 sku's.

Chart 29 offers a review of the best known game—Pac-Man.

Sales and Shares of Home Computers, Game Computers and Video Game Cartridges
(By Outlet and Product Type)

4-Month Period—Nov. 1, 1982 through Feb. 28, 1983

	Drug	Grocery	Mass Merchandisers	Product Totals
Home Computers ($ 000's)	$464.0	$193.3	$11,137.4	$11,794.7
Outlet Share	3.9%	1.6%	94.4%	
Game Computers ($ millions)	$2,457	$3,593	$65,635	$71,685
Outlet Share	3.4%	5.0%	91.6%	
Video Game Cartridges ($ millions)	$18,468	$13,898	$121,672	$154,038
Outlet Share	12.0%	9.0%	79.0%	
Outlet Total	$21,389	$17,684.3	$198,444.4	$237,517.7

Chart 24

Distribution and Out-of-stock
(Total U.S.)

	Food		Drug		Drug Chains		Mass Merchandisers	
	ND	JF	ND	JF	ND	JF	ND	JF
Personal Home Computers	1-0	1-*	5-1	5-3	8-1	8-6	32-9	37-12
Game Computers	5-2	4-1	9-1	10-1	14-1	15-1	82-18	79-8
Video Game Cartridges	8-*	9-1	27-2	32-2	39-3	47-1	87-0	89-0

Chart 25

Leading Brands of Selected Home Computer Video Game Cartridges

4 month period—Nov. 1, 1982 through Feb. 28, 1983
Total U.S.—3 Outlets Combined

Dollar Sales Shares		Unit Sales Shares	
1. Atari	48.2%	1. Atari	51.7%
2. Activision	13.8%	2. Activision	14.7%
3. Intellivision*	12.2%	3. Intellivision*	10.9%
4. Colecovision	12.1%	4. Colecovision	9.9%
5. Parker Brothers	6.8%	5. Parker Brothers	6.0%
6. Imagic	3.7%	6. Imagic	3.6%

*Includes Intellivoice and M Network

Chart 26

Leading Brands of Selected Home Computer Video Game Cartridges

4 month period—Nov. 1, 1982 through Feb. 28, 1983
Total U.S.—Chain Drug Stores

Dollar Sales Shares		Unit Sales Shares	
1. Atari	46.0%	1. Atari	46.7%
2. Activision	20.8%	2. Activision	22.5%
3. Parker Brothers	10.2%	3. Parker Brothers	9.3%
4. Intellivision*	9.8%	4. Intellivision*	8.8%
5. Colecovision	7.3%	5. Colecovision	6.0%
6. Imagic	4.9%	6. Imagic	4.8%
7. VidTec	3.0%	7. VidTec	1.3%

*Includes Intellivoice and M Network

Chart 27

During the four-month period, 369,648 Pac-Man units were sold in the combined outlets with over 309,000 units moving through mass merchandisers alone.

Based on four-months movement only, the annual stock turn in drug chains reached 18.5—the highest recorded in the three outlets. Also noteworthy were the high out-of-stock readings, especially in mass merchandisers. In fact, over one-half of the mass merchandisers handling Pac-Man were out-of-stock sometime during the November-December period.

Charts 30 and 31 provide a summary of two other leading video games—Frogger, and Pitfall. The annual stock turn for Frogger in the three outlets was close to twice that for Pac-Man, and reached 43.2 turns in mass merchandisers. It would appear that the high out-of-stocks in the latter outlets were due to higher-than-anticipated sales.

Pitfall was also popular with 216,006 units moving through the combined outlets. Sales of Pitfall, in both drug and food outlets, were higher than for Pac-Man or Frogger in spite of lower distribution.

It would appear that if consumer's interest in video games continues into the next holiday season, distribution of these items might rise substantially as retailers begin to realize the sales potential of these items. Most important will be the retailer's ability to stock the games or items that are at the height of their popularity, since peak interest seems to be relatively short-lived.

Leading SKU's—Selected Home Computer Video Game Cartridges—I

4 month period-Nov. 1, 1982 through Feb. 28, 1983
Dollar Sales—Total U.S.—Drug Chains

SKU	Market Share
1. Frogger (Parker Brothers)	7.3%
2. Pitfall (Activision)	6.7
3. Pac-Man (Atari)	5.7
4. Donkey Kong (Colecovision)	5.6
5. E.T. (Atari)	5.1
6. Defender (Atari)	3.1
7. Space Invaders (Atari)	2.5
8. Raiders of The Lost Ark (Atari)	2.4
9. Berzerk (Atari)	2.4
10. Star Wars—The Empire Strikes Back (Parker Bros.)	2.3
11. Mega-Mania (Activision)	2.2
12. Star Raiders (Atari)	2.0
13. Asteroids (Atari)	1.8
14. Missile Command (Atari)	1.8

Chart 28

Summary of Pac-Man
Total U.S.—3 Outlets

	4 Months Unit Sales	Annual Stock Turns	Distribution & Out-of-Stock	
3 outlets Comb.	**369,648**	**14.2**	**N.A.**	**N.A.**
Food	26,624	7.1	7-1	7-1
Drug	33,792	16.2	18-6	16-7
Drug Chains	30,437	18.5	28-8	25-10
Mass Merchandisers	309,232	15.3	80-42	68-18
			N-D'82	J-F'83

Chart 29

Summary of Frogger
Total U.S.— 3 outlets

	4 Months Unit Sales	Annual Stock Turns	Distribution & Out-of-Stock	
3 outlets Comb.	**249,546**	**26.5**	**N.A.**	**N.A.**
Food	23,948	15.1	5-1	6-2
Drug	43,107	11.9	16-5	17-7
Drug Chains	39,170	11.3	26-8	26-10
Mass Merchandisers	182,491	43.2	39-20	50-18
			N-D'82	J-F'83

Chart 30

Summary of Pitfall
Total U.S.—3 Outlets

	4 Months Unit Sales	Annual Stock Turns	Distribution & Out-of-Stock	
3 outlets Comb.	**216,006**	**17.5**	**N.A.**	**N.A.**
Food	41,439	19.1	4-2	6-2
Drug	51,714	19.7	11-3	13-7
Drug Chains	42,181	21.6	16-4	17-10
Mass Merchandisers	122,853	16.4	29-18	55-13
			N-D'82	J-F'83

Chart 31

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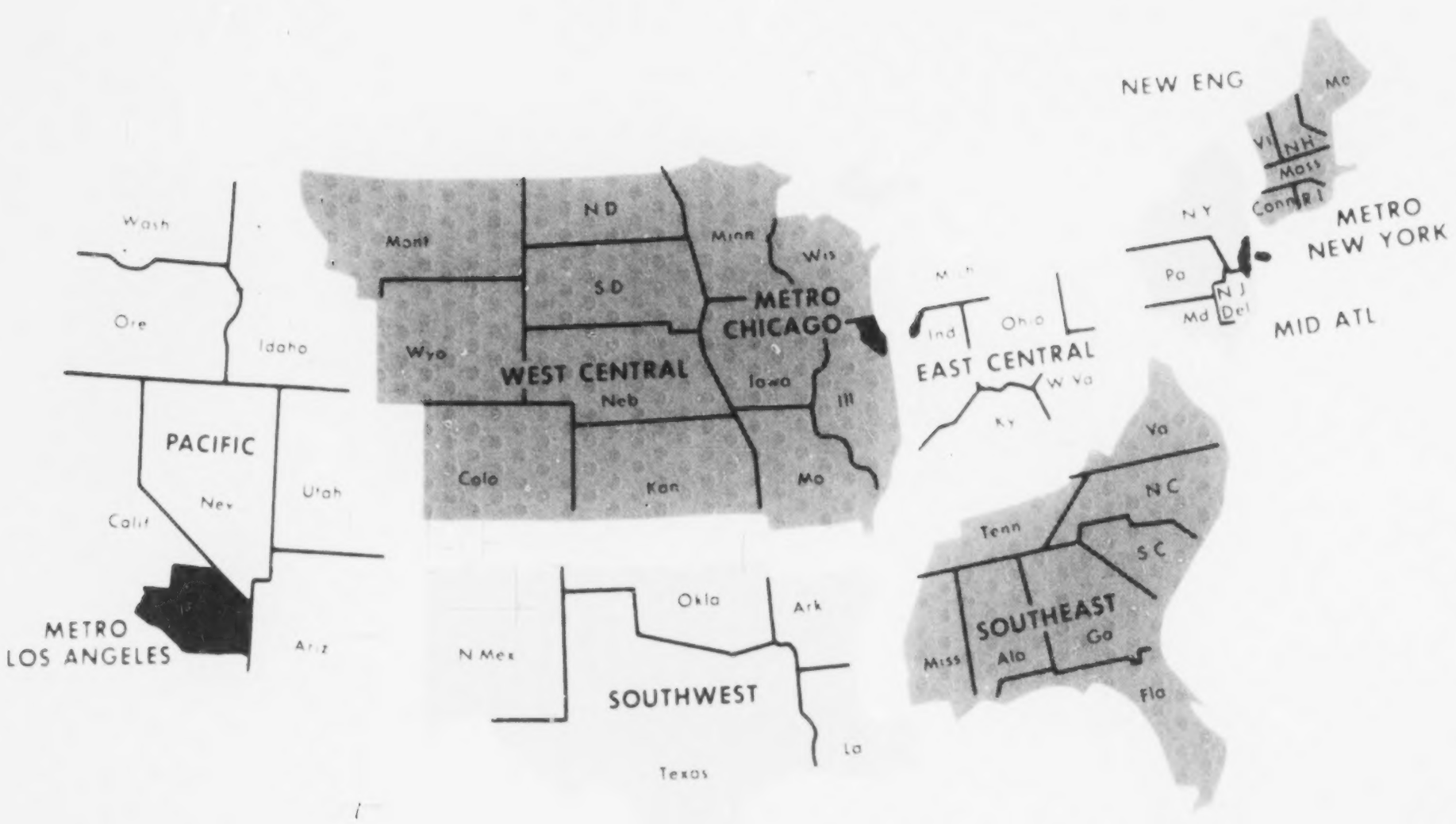
Nielsen Territories



A Special Note to Cooperating Stores

As most of you know, the original and still primary purpose of the Nielsen Annual Drug Review is to provide our cooperators with the latest information available on the state, progress, and trends of the retail drug industry.

We wish to extend our cooperators a friendly invitation to call or write us in those cases where additional details on subjects herein would be helpful. If the material is available, we will be more than happy to supply you with it.

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PHARMACY

Pact gives Thrifty, Clark Rxmen top U.S. pay

LOS ANGELES—As a result of the agreement just ratified by nine locals of the United Food and Commercial Workers Union (UFCW), Thrifty and Clark Drug pharmacists are reportedly the highest-paid retail pharmacists in the nation.

The total package—including wages, bonuses, health, welfare and pension funds over the three-year life of the contract—is $5.11½¢ an hour. This is an increase of 32.19% based on the contract which expired June 30, 1983.

The Thrifty and Clark contracts with UFCW will significantly influence upcoming negotiations between 400 Sav-On pharmacists and the Guild for Professional Pharmacists.

After five years of legal maneuvering, Sav-On was ordered by the United States 9th Circuit Court of Appeals to negotiate with the Guild on a union contract. At present, Sav-On pharmacists are paid a base rate of $16.20 an hour plus an average monthly bonus of $160. Sav-On pharmacy managers receive $16.20 an hour plus an average monthly bonus of $400.

Highlights of the new Thrifty and Clark contracts are:

1. *Wages.* A first-year increase of $1.31 an hour, added to the old rate of $15.89, brings the total hourly scale to $17.20 at the end of the first year. Increases of $1.30 the second year and $1.50 the third take the wage rate to $20 by Jan. 1, 1986. The total wage increase is 25.87% over the life of the contract.

In addition, Thrifty pharmacy managers (called head pharmacists by Thrifty) will continue to receive 50¢ an hour, while head pharmacists at Clark receive 5¢ a script.

2. *Incentive plan.* If a single shift averages 60 or more prescriptions per day, the pharmacist receives 3½¢ per script for each script filled. If it's a two-shift store (that is, with two or more 40-hour pharmacists), then the average minimum script-fills a day is 110 and each pharmacist will share the 3½¢ per script on a pro-rated basis. Clark head pharmacists will also share in the 3½¢ per script plan in addition to receiving the 5¢ per script carried over from the old contract.

Thrifty has also agreed to use the grievance machinery on ancillary staffing.

During a grievance procedure, which will be implemented during the next several months, the pharmacist will fill out the form, provided by the union, indicating volume and how much clerk-help he is receiving. He will also indicate whether he has asked the store manager and the pharmacy supervisor for additional help and whether they gave him that help.

If the pharmacist receives no relief, then he signs the grievance form and mails it to the union. The union, in turn, will file a grievance with Thrifty's main office. Then the union and Thrifty will discuss the merits of increasing the staff.

Generics gain share on antidepressant leaders

Antidepressant prices rise as margins fall

Drug Description	Manufacturer	% Retail market share Rxs 5/83	% Retail market share Rxs 8/80	Average price 5/83	Average price 8/80	% Retail margin* 5/83	% Retail margin* 8/80
Elavil 25mg	MSD	6.2	8.8	$10.56	$ 8.89	32	40
Triavil Tabs 2-25mg	MSD	5.8	7.0	19.64	14.57	19	24
Desyrel 50mg	Mead Johnson	5.2	—	14.36	—	30	—
Amitriptyline 25mg	Generic**	4.9	3.3	5.63	6.00	75	67
Sinequan Caps 25mg	Pfizer	4.3	4.6	12.05	11.78	31	31
Triavil Tabs 2-10mg	MSD	3.9	5.1	15.98	12.27	23	30
Amitriptyline 50mg	Generic**	3.7	2.3	6.62	6.98	59	60
Limbitrol 5-12.5mg	Roche	3.4	—	15.68	—	27	—
Elavil 50mg	MSD	3.3	5.0	14.38	11.55	27	33
Triavil Tabs 4-25	MSD	3.0	3.4	21.65	16.64	19	23
Limbitrol 10-25	Roche	2.9	3.5	20.62	14.46	22	28
Sinequan Caps 50mg	Pfizer	2.9	3.3	14.94	14.61	28	28
Asendin 50mg	Lederle	2.5	—	15.50	—	28	—
Ludiomil 50mg	Ciba	2.3	—	19.35	—	24	—
Elavil 10mg	MSD	2.3	3.8	7.28	6.30	46	54
Imipramine 25mg	Generic**	2.3	—	4.43	—		
Ludiomil 25mg	Ciba	2.2	—	14.28	—	29	—
Tofranil Tabs 25mg	Ciba	2.1	3.2	14.65	11.69	27	32
Imipramine 50mg	Generic**	2.1	—	10.16	—	43	—
Adapin Caps 25mg	Pennwalt	1.9	1.3	11.01	10.52	33	33
Adapin Caps 50mg	Pennwalt	1.5	—	12.86	—	30	—
Desyrel 100mg	Mead Johnson	1.3	—	21.52	—	23	—
Tofranil PM Caps 75mg	Ciba	1.2	1.7	20.25	15.88	22	27
Norpramin 50mg	Merrell	1.2	1.3	13.44	17.71	30	23
Etrafon Tabs 2-25mg	Schering	1.1	1.6	21.24	15.97	20	23
Top 25		73.5	74.3	13.14	11.75	25	32
Other		26.5	25.7	18.95	12.57	34	30
Total		100.0	100.0	14.62	11.96	28	32

*Per cent retail margins are based on average wholesale prices.

**Includes prescriptions filled with other than nationally promoted brands of amitriptyline and imipramine.

Source: Decision Data

ARLINGTON, Tex.—In the 33-month period between market readings, script prices for the leading antidepressants rose an average of 12%, while retail margins fell 22% (or an average 7 percentage points), reports Decision Data, a pharmaceutical market research firm based here.

In contrast to this trend, the growing generics segment of the antidepressant market has experienced a decline in retail prices, while margins have gained. For example, the average script price for amitriptyline 25mg (generic) fell 6%, at the same time that its retail margin rose 8 percentage points, or 12%.

Price and margin fluctuations were part of an overall shifting in the antidepressant script market. For example, Merck Sharp & Dohme lost almost 10 percentage points in market share (down from 34.2% in August 1980 for the top 25 products to 24.5% in May 1983), while other manufacturers and the generic lines were quick to pick up the lost ground.

Mead Johnson's new introduction (early 1983), Desyrel, captured 6.5% of the market share, while Lederle's Asendin also appeared in the top 25 products with a 2.5% share.

Ciba captured a small market share increase in the 33 months with the fine showing of its two Ludiomil products.

In the report on antidepressants, refills accounted for 62% of total scripts among the top 25 products, a reasonable figure for this drug category. Average prescription quantity dropped slightly to 60 from 63 in the August 1980 report, according to Decision Data.

British develop herpes vaccine

NEW YORK—An effective new preventive vaccine for the treatment of herpes is in development says a British researcher.

The product, now being tested, is not a cure for the disease. But the vaccine can lessen the number of recurrences among herpes victims, according to Dr. Gordon Skinner of the University of Birmingham.

An experiment involving 300 people without herpes but at great risk from their partners was conducted. The test group was inoculated over two years.

Skinner, who is researching the sexually transmitted disease, said two of the 300 people in the test contracted a herpes infection.

If unvaccinated, it would be expected that 100 people would have gotten the infection over the one year postinoculation monitoring period. "That is two vs. an estimated 100 who might have gotten the disease," said Skinner.

F.D.A., industry step up consumer education efforts

Joseph Caputo, RPh
Pharmaceutical Editor

The pharmaceutical industry and the Government are more consumer conscious than at any point in recent memory. Both the F.D.A. and industry are implementing programs that will offer patients some long-range benefits and will go a long way toward dispelling gaps in consumers' health-related education.

Several pharmaceutical companies offer patient education materials for major therapeutic areas.

For example, Pfizer kicked off its educational program earlier this year. And Upjohn issued brochures which address arthritis treatment with nonsteroidal antiarthritics such as Motrin.

Now SKF is distributing patient information publications via physicians and pharmacists on such top-selling drugs as Tagament and Dyazide. These publications feature information such as side effects, considerations when taking the medication (especially with other drugs), and descriptions of high blood pressure and ulcer disease. Special precautions for specific patients are also noted. Consumers are also made aware of each products' appearance.

F.D.A. is also trying to improve the quality of products available to consumers, but the agency is using a much different approach. F.D.A. personnel are pushing for Congressional action which would allow drug manufacturers to include the approved New Drug Application (NDA) number on all drug labels. If approved the action would facilitate pharmacists' ability to determine the approval status of multisource as well as new drugs.

Some unscrupulous suppliers intentionally mislead pharmacists into thinking a particular product is F.D.A. approved while, in fact, the product lacks approval.

Consumers will benefit from the F.D.A. proposal because pharmacists will quickly be able to determine a product's status—approved or unapproved.

Consumers will also benefit from the patient informational booklets being distributed through physicians and pharmacists as part of the joint launch of Zantac by Glaxo and Roche. Information provided in the booklet highlights the causes of peptic ulcer, diagnosis of the disease, alternative drug therapies, types of surgical intervention, and the effects of diet.

These programs should be reassuring to patients, they will know more about their conditions and the medication prescribed. More information will diffuse consumers' suspicions, answer their unasked questions, and better inform patients—goals we should all strive toward.

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Special report on Rx computers—Pp. 33-43

CHAIN STORE AGE
MERCHANDISER

Oil promos pave way to auto sales—p. 47

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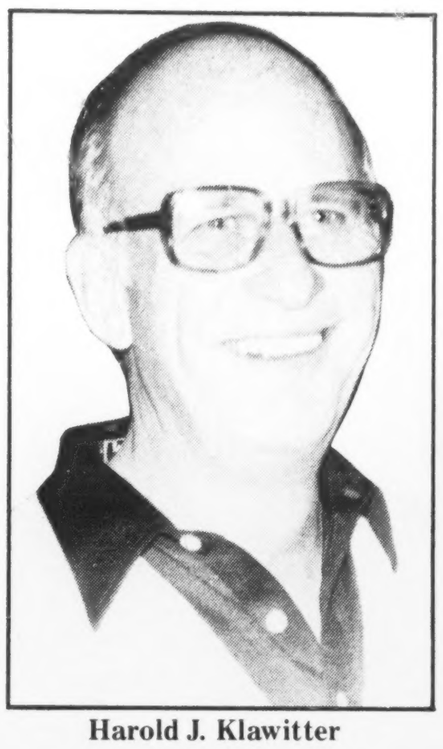
DRUG STORE NEWS

Vol. 5 No. 19/Incorporating **CHAIN STORE AGE Drug Magazine** Published by Lebhar-Friedman Inc./September 5, 1983



Harold J. Klawitter

Vincent Gardner

Gardner to head new NACDS Rx, health unit

WASHINGTON—The National Association of Chain Drug Stores has named Vincent R. Gardner to head up its new Pharmacy and Health Affairs Department, Robert M. Bolger, president of the association, announced.

The new department is a consolidation of two former NACDS departments—Pharmacy Affairs, which had been headed by Kathleen McGee before her departure to become executive director of the Retail Drug Institute, and Health Programs, headed by Gardner.

Bolger also announced that Harold J. Klawitter, formerly vp-professional services at Gray Drug Fair, has joined the staff of the new department.

"The primary problem facing the industry today is the reimbursement policy for professional services," Bolger said. "The new department will provide NACDS with the opportunity to develop and coordinate plans for dealing with this issue."

The announcement of the merger comes on the eve of the NACDS Pharmaceutical Affairs Conference in Phoenix Aug. 29-Sept. 1. Not coincidentally, a main theme of the conference will be the threat posed by inadequate pharmacy reimbursement from Government and other third-party agencies.

On Wednesday morning, Aug. 31, for example, three top chain drug executives who are also pharmacists—Henry A. Panasci Jr. of Fay's, Jack A. Robinson of Perry and James I. Harrison Jr. of Harco—will talk

Continued on page 56

LATE NEWS

SUPERMARKETS GENERAL, parent company of Pathmark drug stores, reported that net income for the quarter ended June 30 increased 5% to $13.1 million, or 74¢ a share, from $12.5 million, or 74¢ a share, in the corresponding period last year. Year-ago results included a gain of 16¢ a share from an insurance settlement. Sales for the quarter rose 10.4% to $899.1 million from $814.6 million last year. For the six months, net income increased 14.9% to $19.3 million, or $1.09 per share, on sales of $1.7 billion.

Walgreens & a few others delete home computer lines

By Mike Dunn

NEW YORK—Walgreens and a handful of other drug chains have dropped out of the sale of home computers because of the volatility of the market, but most chains that were committed to the business last Christmas intend to sell the products again this year.

Other chains that have dropped their home computer lines include Medi Mart and Drug World. In addition, Longs has taken a more conservative approach because the market has changed in recent months.

Among the chains that sold the machines last Christmas, Pay 'n Save, Eckerd and Big B still have the products on the shelves now and plan to sell them again this Christmas.

Walgreens had carried the Commodore VIC 20 and the Timex Sinclair for the past five months, but dropped the lines because of the category's volatility. Both Medi Mart and Drug World sold the Timex Sinclair units.

A Walgreens spokesman said management is "standing back and looking at the market before determining our future role in marketing personal computers and their related software."

A source who closely follows the chain said customers simply were not buying the machines.

"The market softened after people started asking their

Continued on page 56

The volatility of the home computer market is underscored by this photo taken seven months ago. Since then the retail price of the Commodore VIC 20 has dropped to less than $80.

Revco D.S. to revamp Sommers

SAN ANTONIO—Revco D.S. is remodeling and remerchandising eight Sommers Drug Stores acquired from Malone & Hyde in an effort to boost its share of the lucrative San Antonio/Austin drug store market.

Revco purchased eight of the remaining 12 Sommers Drug stores, but closed one. The remaining four are still operated by Memphis, Tenn.-based Malone & Hyde, which has shifted its expansion focus from drug stores to auto parts units.

For Revco, headquartered in Twinsburg, Ohio, the purchase provides extra muscle in the understored San Antonio and Austin areas. In both markets, Revco has found success with

Continued on page 55

Perry, Dart rev up for auto market race

CHICAGO—Two veteran drug store operators, Perry and Dart Drug, are going head to head in what appears to be an emerging battleground for the Windy City's retail auto aftermarket.

Trak Auto, the chain of discount auto parts and supplies stores recently spun off by Dart, plans to open as many as 40 new outlets here by the end of 1984. Trak also plans to open a 140,000-sq.-ft. distribution center here to serve a long-range projection of up to 150 stores.

Perry, which operates one Auto Works store and 14 drug/auto combination stores here, is already eying sites here for expansion of its auto supplies operation. Perry is also currently negotiating to acquire Fleenor's, an Indianapolis-based chain of auto supplies stores.

"We have targeted Chicago as a key area for expanding our Auto Works operation," said Berl Falbaum, spokesman for Perry Drug.

Like Perry, Trak Auto is targeting suburban shopping cen-

Continued on page 55

Cleveland's top 2 deep discount drug stores merge

By Faye Brookman

CLEVELAND—The merger of the two largest deep-discount drug stores here—Marc's with $25 million in annual sales and Shulman's with $20 million—creates a retailing behemoth in this highly competitive market.

Under the ownership of Marc Glassman of Marc's, the two outlets combined now command about 13% of the total $325 million spent in Cleveland-area drug stores.

Glassman acquired Shulman's for an undisclosed amount from Theresa Shulman, owner of the 20,000-sq.-ft. unit in East Gate Shopping Center. Shulman had taken over the operation of the store following the death of her husband Bernie in 1975.

Glassman, who trained in the deep-discount business at Shulman's, is expected to retain the Shulman's logo on the store. Shulman's two daughters, Colleen Taylor and Shelly Brinnager, will stay on at the store. Theresa Shulman is expected to move to Florida to operate another deep-discount unit which she still owns.

For Glassman, the acquisition brings him into a new and affluent market that contrasts with the blue-collar area served by his 18,000-sq.-ft. unit in the Southland Shopping Center. It not only gives him greater clout against other deep-discount competitors, such as Jax and Jote's, but also against local chains including Gray Drug Fair and Revco. While some of these retailers suffered a rough 1982, Glassman's store flourished with sales rising 47%.

Glassman has built his success by taking merchandising concepts from Shulman's and broadening the mix to include such categories as food. Unlike some other deep-discount operators, both Marc's and Shulman's have pharmacies.

With gross margins in the 16% to 20% range, Glassman's store goes into the black at the $4 million mark, according to industry sources, who estimate that his operation netted $2 million last year before taxes.

Glassman has talked in the past about plans to franchise his concept, as Drug Emporium has done with such success. The possibility exists that with his sales volume swollen by the Shulman's purchase, Glassman may now attempt to take his company public.

Marc's was one of many deep discounters spawned by the success of F&M and Shulman's, the pioneers of the low-margin business. Others include Freddie's in Rochester, N.Y., Drug Emporium in Columbus, Ohio, and Pete 'n Larry's in Buffalo, N.Y. Once only a force in economically depressed areas, deep discounting has become so popular it has spread across the United States.

Short supply slows contraceptive sponge rollout

By Mike Dunn

LOS ANGELES—National rollout of the new contraceptive sponge has been delayed because the manufacturer, VLI Corp., has been unable to meet demand in the 12 Western states that became the initial market in early July.

Drug chains have reported excellent sales of the Today-brand sponge, and some, such as Sav On, report being unable to obtain all of the product they ordered. The Los Angeles-based chain said it had received only 200 cases out of 720 ordered and discontinued advertising until supplies are increased.

Thrifty, on the other hand, said it had received all of the merchandise it ordered and said sales have been "outstanding."

VLI had originally planned to begin national distribution of the sponge, which is considered 85% effective, on Sept. 1, but has now set Nov. 1 as the tentative target date.

The company plans to begin supplying Southeastern and Southwestern states on Sept. 1. VLI began shipping the product to wholesalers and drug chains in the middle of June and it first appeared on drug store shelves around July 1.

Sales have been growing so fast that they have had to be reforecast every month, according to Anne Bellegia, vp of marketing and sales for VLI.

The success of the OTC contraceptive came despite some criticism that the Food and Drug Administration's approval was premature.

During a hearing before the House Subcommittee on Intergovernmental Relations and Human Resources of the Committee on Government Operations, subcommittee members raised questions about the presence of suspected carcinogenic substances and the risk of toxic shock syndrome.

Ted Weiss (D-N.Y.), chairman of the subcommittee, said he was dissatisfied with the F.D.A. approval.

However, Bruce Vorhauer, president of VLI and inventor of the sponge, told the subcommittee, "There has not been a single piece of evidence demonstrating any safety problem or even any question about the safety of the sponge. More than 2,000 women were involved in these studies which have been going on now for about six years."

Before changing to a polymer that Vorhauer called safer than the one used in tests, Vorhauer said a woman would have to wear 358,000 sponges a day for 1¾ years to reach any risk of cancer.

Regarding the chances of toxic shock syndrome, Bellegia told *Drug Store News* in a telephone interview that bacteria believed to cause toxic shock were mixed with sheep's blood and put into the sponge and allowed to incubate for up to 28 days. In no case did the sponge allow the bacteria to grow, she said.

The sponge is a polyurethane material impregnated with one gram of spermicide. The sponge is inserted the same way as a diaphragm and covers the cervix. Protection is provided for 24 hours.

It works in three ways: The spermicide attacks the sperm, the sponge acts as a barrier to the cervix and it absorbs the sperm.

Bellegia said the disposable sponge does not pose any of the hazards of tampons. "It's not recommended for use during the menstrual period when women are most susceptible to toxic shock. The sponge is round and smooth and has no microabrasions as tampons have. Also, it's not highly absorbent as tampons are. It's nothing like a tampon," she said.

The 12 Western states that make up the initial market for the sponge are Alaska, Washington, Oregon, California, Nevada, Arizona, Utah, Colorado, New Mexico, Idaho, Montana and Wyoming.

"There is a lot of demand," said Bruce Lewis, a spokesman for the McKesson Corp., which is distributing the sponge. "It's considered a hot product here."

At 80% of the 400 stores served by McKesson's Los Angeles warehouse, 441 units were sold in the last week of June.. That figure jumped to 2,435 for the month of July, Lewis said.

Drug King in Van Nuys, Calif., reported 2,400 units sold by mid-August. Each unit is a package of three sponges.

"We're doing very well with it," said Robert Barry, vp of marketing for Drug King. "We've been selling it on the top shelf of the contraceptive section near creams, lotions and gels. We're also doing some case stacking," he said.

The new product is providing retailers with hefty gross margins, ranging from 33% to nearly 50%. The suggested retail price for a package of three is $3. However, prices at Western drug chains range from a low promotional price of $1.99 to a high of $3.99.

Bellegia at VLI said the product does not yet appear to be price sensitive. Most chains

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—News in brief—

Revco to test 'Voicemitter'

TWINSBURG, Ohio—Revco Drug Stores and the American Medical Alert Corp., manufacturer of a computerized health emergency device for the home, have launched a limited test marketing venture in Revco's two freestanding convalescent aids stores.

Under the agreement, AMAC's "Voicemitter" device will be sold or rented to retail customers through Revco's health care outlets in Cleveland and Winston-Salem, N.C. The Voicemitter, a device similar in appearance to an electronic garage door opener, allows the elderly, infirm, handicapped or shut-in person to convey by telephone a health care distress signal to any designated second party.

The push-button device, attached to the customer's own telephone, relays a signal to a central computer at Revco's Citadel Alarm Systems subsidiary, which is programmed to transfer the call to a designated respondent. Citadel installs and services burglar alarm systems in all Revco drug stores, as well as in other commercial and residential locations.

Doctors, relatives, emergency medical technicians or any other respondent can be quickly contacted in case a Voicemitter client has a medical emergency in his or her home.

Dart promotes 2 execs

LANDOVER, Md.—The Dart Drug Corp. has promoted Neil Kaplan to senior vp of sales and Stephen Hansbrough to senior vp of distribution and data processing.

Kaplan joined Dart Drug in 1975 as director of advertising and was promoted to vp for sales two years later. In his new position, he will be responsible for all advertising and sales promotions for Dart Drug, Crown Book and Trak Auto stores.

Hansbrough also joined Dart in 1975, serving as director of distribution. In 1978, he was named vice president of distribution and data processing. In his new capacity, he will oversee all distribution and data processing activities for Dart's retail drug, book and auto supplies divisions.

Dart operates more than 250 stores, including drug, home center, book and auto parts outlets, in the Washington, D.C.; Richmond, Va., and Los Angeles, San Diego, Houston and Chicago areas.

F&M opens 11th Ann Arbor store

ANN ARBOR, Mich.—F&M Distributors has opened its 11th deep-discount operation here in this University of Michigan town. The latest store is located in an off-price shopping mall called Arborland. Eight of the units operated by the Warren, Mich.-based company are in Michigan.

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Drug Store News (ISSN 0191-7587), is published biweekly—every other Monday, monthly in December plus extra Pharmacist's Reference issue in March, by Lebhar-Friedman Inc., 425 Park Ave., New York, N.Y. 10022. Subscription rate $12 per year; $21/two years. Single copy rate $2.00. Outside U.S.A.: Canada $13, $23/two years. Foreign subscriptions: Airmail only $100 per year.

Second-class postage paid at New York, N.Y., and additional mailing offices.

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Vol. 5, No. 19 September 5, 1983

A&P to buy Kohl's food and drug chain

MONTVALE, N.J.—The Great Atlantic & Pacific Tea Co. has signed a letter of intent to acquire Kohl's Food Stores, Wisconsin's leading supermarket chain. The acquisition, if approved, will also affect four drug stores owned by Kohl's.

The Milwaukee-based Kohl's chain of 63 supermarkets, six beverage stores, four drug stores and three bakeries is owned by Batus Inc., the Louisville-based subsidiary of B.A.T. Industries.

Batus, a diversified holding and management company with interests in the United States tobacco, retailing and paper industries, operates Gimbles Department Stores, Marshall Field's Department Stores, Saks Fifth Avenue, Ivey's of Carolina and Florida and Crescent & Thimble Specialty Stores. Its 1982 sales were $5.6 billion.

The four drug stores—two Drug Fair pharmacies plus the South Ridge and Elmbrook Plaza pharmacy—were opened by Kohl's during the past two decades in freestanding locations adjacent to Kohl's supermarkets.

Prescriptions account for approximately 45% of total sales in Kohl's two smaller stores, which average 3,000 sq. ft. of sales space, and about 29% of sales in the two 9,500-sq.-ft. larger stores.

The four stores generated sales of $1.8 million in 1976, $2.1 million in 1979 and $2.65 million in 1981, the most recent period for which figures were available.

With more than 25 stores in the Greater Milwaukee Area, Walgreens is by far the major drug store chain in southeastern Wisconsin. Union Prescription Center pharmacies, as well as several mass merchandise stores with pharmacies, also account for a major share of the drug store volume.

Thrift solves home health care inventory problem with endcaps

By Allen Mundth

PITTSBURGH—Thrift Drug may have found a remedy for the inventory headaches that often accompany a chain's expansion into the growing home health care business.

In agreement with a local home health care retailer, the 365-store J. C. Penney division has installed 4-ft. endcaps in more than 100 drug stores, explaining to consumers that numerous home care products are just a free phone call away.

Signs, color photographs and illustrated brochures convert the dark blue and bright yellow endcaps into "informational kiosks," triggering interest in the sales or rental of durable medical equipment. Called "Thrift-Care," the medical supplies service is being billed as another "Rxtra" service from Thrift Drug. "Rxtra" is the tag line for an institutional ad campaign promoting the professional health care services offered by Thrift.

The endcap program sets Thrift apart from other drug chains entering the home health care business by limiting its investment to the cost of the plastic endcaps, the informational brochures, a toll-free phone number and considerable advertising support.

"The beauty of this system," observes Thrift vp for market-

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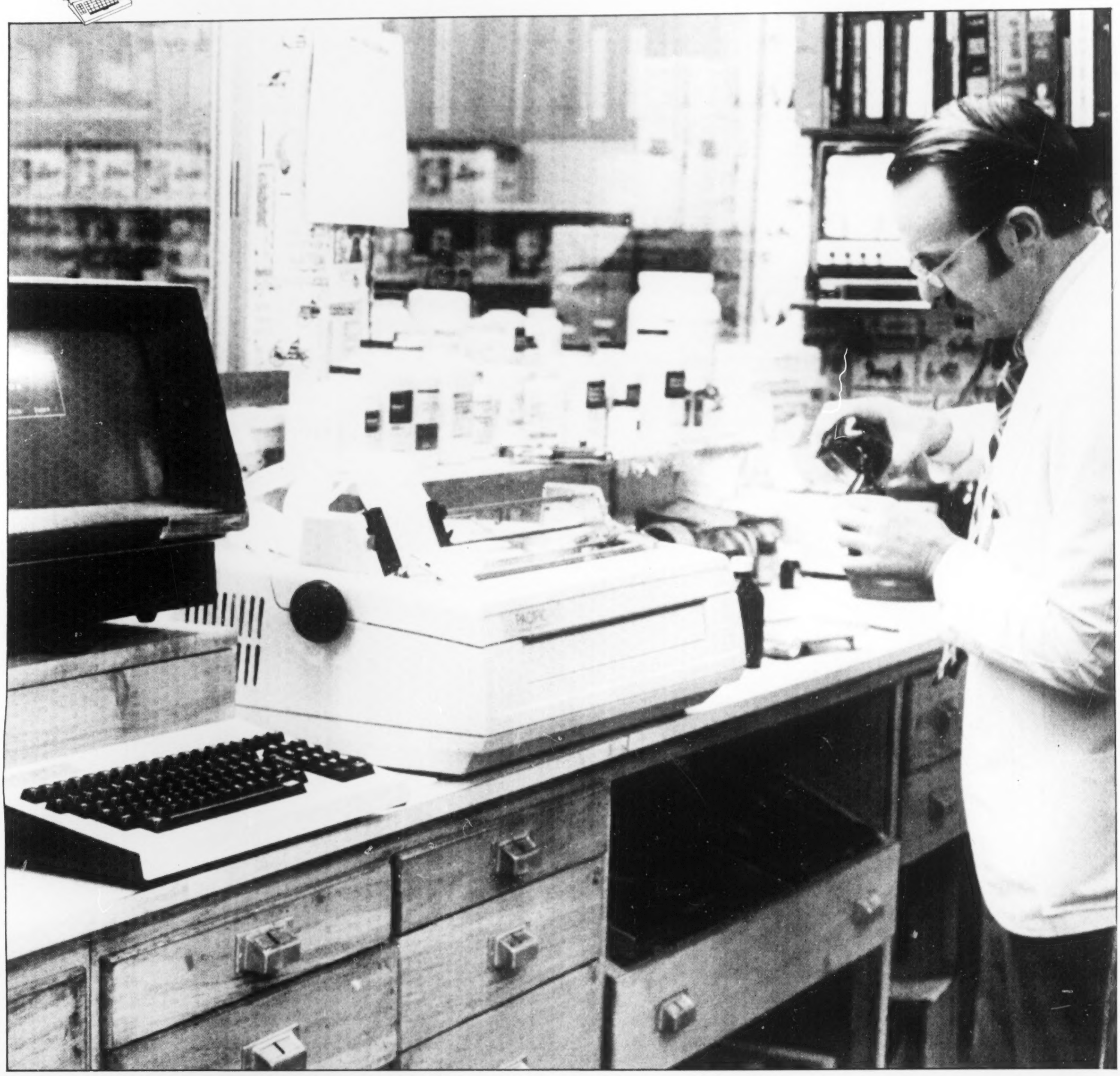
Thrift drug has installed endcaps in more than 100 of its stores promoting the home health care products available through its "Thrift-Care" service.

PHARMACY



Rx computer use increases as costs fall

With computer prices coming down, chain executives expect that by the end of the decade stores with low to moderate prescription volume will be able to cost-justify investments in computer technology.

Currently 15% of all pharmacies already have computers, but that number is expected to escalate to 50% by the end of 1985.

According to an exclusive *Drug Store News* survey, the two main reasons today for investing in computers are third-party processing and price-update efficiency.

Among the 27 chains that responded to *DrSN*'s second annual computer survey, 43% cited third-party claim processing as the primary reason for investing in a computer.

Another 39% named prescription price updates as their prime reason for investing in a computer, while 32% cited labor savings and speed of use, respectively.

Irwin Livon, vp of professional services at Gray Drug Fair, put third-party processing, inventory control and listed price updates on the laundry list of reasons Gray committed to computers, while Robert Kashmer, in-store computer supervisor for Hooks Drug, stressed reliability, speed and accuracy of information as his top priorities.

The survey results clearly revealed that the benefits gained from investing in pharmacy computers unconditionally justified their cost. Among the functions listed as cost-justified were third-party editing and billing, chosen by 89% of the respondents; price updates/accurate billings, 86%; patient profiles and tax information, 39%; labor savings/efficiency of use, 32%, and marketing tools and inventory controls, 18%, respectively.

Most of the chains surveyed moved cautiously before determining the type of system to install. Four out of every 10 chains tested at least two computer systems before making a commitment, while 2 out of every 10 respondents tested three or more systems before electing to commit to one.

For the future, many respondents saw the likelihood that sophisticated pharmacy systems will expand to low to moderate prescripton volume stores.

"Today, for a store to justify an on-line system, it should have a script volume of approximately 3,000 Rxs per month," said Harvey Dolman, a pharmacist and vp for Super X Drugs in Ontario, Canada.

"But," he added, "as the computer market expands and computers become less expensive, lower-volume stores will certainly take advantage of computer services."

"Computerization of third-party claims cuts down on paperwork, results in fewer rejected claims and produces a faster turnaround time for claims," points out Kandyce Daley, director of Pharmacy Systems at Fay's Drug, Liverpool, N.Y.

"When we went to tape submissions for third-party claims, the turnaround dropped from 30 days to seven," she said.

APEX DRUG, Novi, Mich.—Apex uses 3 P.M. time-sharing system, Pharmaserv, and now has 32 units on line. Among the chain's priorities for the system are direct control of pricing, comprehensive editing of third-party forms and enforced generic substitution. Approximate cost of the system, $700/month per store.

CROWN DRUG, Advance, N.C.—Crown has been slowly adding IBM Series I communicating stand-alone units since 1982 and expects to have at least eight computers with QS I (Smith Data Processing) software by 1984. Chain estimates the cost to be approximately $25,000 per unit with extra charges for maintenance, price updates and software additions.

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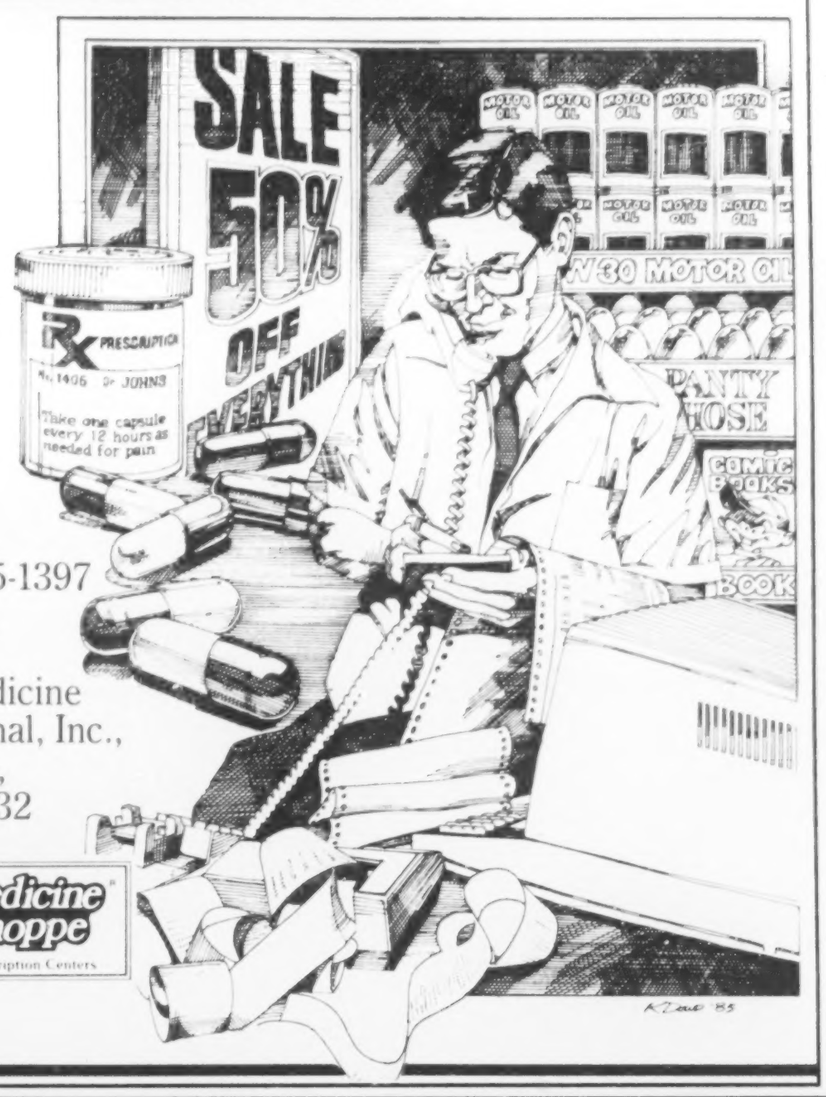
YOU ALREADY RUN THE PHARMACY... WHY NOT OWN IT?



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PEOPLES DRUG STORES, Alexandria, Va.—Peoples will have stand-alone pharmacy computers in some 50-70 stores this year and plans to increase that number to nearly 90 in 1984. The Honeywell COMPASS system is the computer used by the chain. According to MIS vp Glen Tarsha, it is only a matter of time before the computer efforts at the chain expand beyond the pharmacy and into more total store functions, such as POS and inventory control.

PERRY DRUG STORES, Pontiac, Mich.—Perry has begun installing communicating stand-alone pharmacy computers and expects to have up to 10 units in place by the end of 1983. Next year's plans depend on test results. Key functions that led to the cost-justification of the system included third-party processing, price updates, increased efficiency of pharmacists and inventory control.

PHARM-ESCOMPTES JEAN COUTU, Longueil, Quebec—Based on a Honeywell DPS7 CPU, this chain has developed its own time-sharing pharmacy computer system for use currently in some 70 stores. In the near future, the chain will be looking into a point-of-sale feature for the system, but now cites response time, security and reliability as the most important features.

REVCO D.S., Twinsburg, Ohio—NEC hardware is the backbone of Revco's 200 stand-alone pharmacy computer units, which employ General Computer Corp. (a Revco subsidiary) software. Price updates, third-party data capture and communication between the store and headquarters are considered most important features. Chain may eventually add a POS function to the system.

RIBORDY DRUG, Valparaiso, Ind.—After testing four pharmacy computer systems, chain opted to go with Pharmacom's time-sharing system. Though the system now in place in nine Robordy stores is not adaptable to a POS function, Robert Coican expressed an interest in this feature as well as automatic reordering and instant credit checks on customers.

RIX SUPER DRUG, Auburndale, Mass.—Rix chose Pharmacom system after testing a few others. Plans call for expansion to at least six units in 1984 from three this year.

SENTRY DRUG STORES, Romulus, Mich.—3 P.M. time-sharing system was the first and only choice of this chain. All 15 stores have units on-line with features such as third-party processing and price updates.

SHOPPERS DRUG MART, Willowdale, Ontario—SDM combines 25 time-sharing units, 25 communicating stand-alone and five noncommunicating stand-alone terminals to service the various needs of selected pharmacies throughout the chain. Before the end of the year, SDM expects to have 74 computers in stores and another 26 in 1984.

SNYDER DRUG, Hopkins, Minn.—Snyder's Ed Pelant explained the company is now testing two Honeywell COMPASS stand-alone computers at a cost of approximately $25,000 each. Plans for 1984 will be made after test results are analyzed.